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Economic Trends

ARTICLES

Accounting for inflation

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Release dates of economic statistics to be published in September 1974

This list is published by the Government Statistical Service as a guide to the dates of publication of major economic series in September. The dates are those which departments, or other organisations concerned, are aiming at, and would normally expect to meet. Exceptionally, there may be a delay resulting from unavoidable statistical problems of collection and compilation. Further enquiries about individual series should be addressed to the source named.

September 1974	*Series*	*Method of release*	*Source*
Mon 2	Capital expenditure by manufacturing, distributive and service industries (2nd qtr-provisional)	PN	D of Industry
	Manufacturers' and distributors' stocks (2nd qtr-provisional)	PN	D of Industry
Tues 3	UK official reserves (August)	PN	Treasury
	Capital issues and redemptions (August)	PN	Bank of England
	Hire purchase and other instalment credit business (July)	PN	D of Industry
	Retail trade (July-final)	PN	D of Industry
Wed 4	*UK Balance of Payments 1963–1973* (Pink Book)	–	CSO
Thurs 5	Import and export unit value and volume index numbers; terms of trade (July)	PN	D of Trade
	Housing starts and completions (July-provisional)	PN	D of the Environment
	House improvement grants approved (July-provisional)	PN	D of the Environment
	Provisional figures of vehicle production and estimates of new car registrations (August-provisional)	PN	D of Industry
Fri 6	Consolidated Fund and National Loans Fund (August)	LG	Treasury
Mon 9	Turnover of the catering trades (July)	PN	D of Industry
	Wholesale prices index numbers (August)	PN	D of Industry
	Retail trade (August-provisional)	PN	D of Industry
Tues 10	UK balance of payments (2nd qtr)	PN	CSO/Treasury
	Construction–output (2nd qtr)	PN	D of the Environment
Wed 11	London clearing banks' monthly statement (mid-August)	PN	Ctte. LCB
	UK banks' eligible liabilities, reserve assets and reserve ratios (mid-August)	PN	Bank of England
Thurs 12	Balance of payments current account and overseas trade figures (August)	PN	CSO/D of Trade
	Sales and orders in the engineering industries (May)	T and I	D of Industry
Fri 13	*National Income and Expenditure 1963–1973* (Blue Book)	–	CSO
	Finished steel consumption and stock changes (2nd qtr-final)	PN	D of Industry
	Crude steel production (August)	PN	BSC/BISPA
	Building societies' receipts and loans (August)	PN	Building Societies Assn.
Tues 17	Index of industrial production (July)	PN	CSO
	United Kingdom banking statistics (2nd qtr)	Bulletin	Bank of England
	Money stock (2nd qtr)	Bulletin	Bank of England
Wed 18	Basic rates of wages and normal weekly hours (end-August)	PN	D of Employment
	Monthly index of average earnings (July)	PN	D of Employment
Thurs 19	Unemployment (September-provisional)	PN	D of Employment
	Unfilled vacancies (September-provisional)	PN	D of Employment
	Car and commercial vehicle production (August-final)	PN	D of Industry
Fri 20	National income and expenditure (2nd qtr-provisional)	PN	CSO
	Borrowing by local authorities (2nd qtr)	PN	CSO
	Retail prices index (August)	PN	D of Employment
Sun 22	National savings monthly progress report (August)	PN	National Savings Ctte.
Mon 23	UK banks' assets and liabilities and the money stock (mid-August)	PN	Bank of England
	Quarterly analysis of bank advances (mid-August)	PN	Bank of England
	New registrations of vehicles (August)	PN	D of the Environment
Thurs 26	Energy trends	PN	D of Energy
	Unemployment (August-final)	Gazette	D of Employment
	Employment in production industries (July)	Gazette	D of Employment
	Overtime and short-time working in manufacturing industries (July)	Gazette	D of Employment
	Stoppages of work due to industrial disputes (August)	Gazette	D of Employment
	Bricks and cement production (August)	PN	D of the Environment
	Construction–new orders (July)	PN	D of the Environment
Mon 30	Retail trade (August-final)	PN	D of Industry
	Hire purchase and other instalment credit business (August)	PN	D of Industry

PN=*Press Notice* LG=*London Gazette* T and I=*Trade and Industry*

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Economic Trends

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INTRODUCTION

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments. It provides charts and tables illustrating trends in the United Kingdom economy. In addition, there are articles which comment on and analyse economic statistics, introduce new series or describe methods used in compiling official statistics. This issue contains information available to the Central Statistical Office on or before 16 August 1974.

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Government Statistical Service

A service of statistical information and advice is provided to Government by specialist staffs employed in the statistics divisions of individual Departments. Statistics are made generally available through their publications and further information and advice on them can be obtained from the Department concerned. The sources of the series published in this volume and further information about them are shown on page 43. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the Central Statistical Office, Great George Street, London SW1P 3AQ. Telephone 01-930 5422 Ext 602.

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Accounting for inflation

A. H. COWLEY, *Statistician, Central Statistical Office*

Introduction

The Government Statistical Service has a strong interest in the subject of accounting for inflation. This interest stems firstly from the close relationships between accounting records and a very wide range of economic statistics. The corporate sector generates about 63 per cent of the gross domestic product. The principles behind the methods used in compiling the national accounts give full recognition to the problems of accounting for inflation. Accordingly, government statisticians and economists have already had to take a view on how to allow for the effects of inflation in the national accounts, which they have been assembling each year for the economy as a whole since the last war. Problems caused by inflation when accounting at the national level arise also when accounting at the level of the individual company and the methods and solutions adopted in the national accounts may also be helpful in considering how to account for inflation in company accounts.

Secondly, the Government Statistical Service is also responsible for compiling the official price indices which may well be used as a means of adjusting for the effects of inflation; but the methods used to compile them place certain limitations on how they should be used.

This article first describes the limitations that exist in the use of price indices. It then discusses the treatment of inflation in the national accounts and identifies two stages that must be distinguished in any method of adjusting for inflation. I have described how the methods used in the national accounts might be applied to company accounts in order to adjust them to the prices prevailing in the period to which they relate, the first stage in adjusting for inflation. The article concludes with a discussion of the problem of further adjusting the accounts for a series of years to the prices of a single period. I have argued that this is a less important step, which must follow the first stage adjustment, and that comparisons between different years can best be made by the use of suitable accounting ratios (based on the first stage adjusted accounts). It is also pointed out that there is no method of carrying out such second stage adjustments that will be appropriate in all cases but, where such adjustments are still required, some guidance on the choice of suitable indices is given.

General purchasing power of money?

It has long been the view of statisticians and economists that no precise meaning can be attached to the concept of the *general* purchasing power of the pound (this is the obverse of the problem of constructing one general all-purpose price index which—at least for the last twenty years—has not been done in the United Kingdom). A price index expresses the relationship between goods and services and the money which is exchanged for them, and cannot be constructed except for a defined class of goods and services; before constructing an index number, it is necessary to know the items to be included and their relative importance. Conversely, the value of money cannot be determined without knowledge of who is to spend it and what it is to be spent on. Thus a number of official price indices are published relating to particular flows of goods and services, such as the wholesale price indices of the materials purchased by, and the output of, various industries, and the indices of the retail prices of goods and services bought by consumers, including a special one for pensioners.

When the purchasing power of the pound is being discussed it is usually in relation to the purchasing power of money spent by individuals on the goods and services purchased for their own personal use. It is for this purpose that the Central Statistical Office provides an indicator of the change in the purchasing power of the pound, which for periods since 1962 is now based on movements in the general index of retail prices. However, this indicator would not measure the price changes of the separate items in a company's accounts. The average size of price changes faced by the relevant consumers is perhaps appropriate for revaluing those profits which are distributed to individual (non-institutional) shareholders who spend their dividends. A general consumers' price index might also be appropriate for the important purpose of revealing, in terms of current purchasing power, the value to its individual owners of the capital which they have invested in the company. But these aspects of a company's accounts, which concern the individual investors in the company, do not justify the use of the same index to revalue all transactions, liabilities and assets when attempting to present the position of the company, as opposed to that of the individual investors in it. For these more general purposes account should, wherever practicable, be taken of relative price changes as well as more general changes in inflation.

Nor is there any other single price index which is truly applicable to all the items in company accounts. The implied price indices for total final expenditure and gross domestic product derived from the national accounts are more general measures of inflation than the retail prices index, but are still not equally applicable to all items in company accounts. So far as profits are ploughed back into the business by the purchase of fixed assets, the price changes relevant to them might be regarded as those for the capital equipment which is used in the course of production. But profits may also be needed to meet tax liabilities and interest obligations or to provide working capital and the price changes appropriate to these uses for profits would not be the same. Use of a

general price index to revalue, in particular, fixed assets to current price levels may be misleading. The 'value' of the assets at current price levels may be indeterminate when markets in used assets are imperfect or when the corresponding new assets have been affected by technical change but, if the convention of written-down historic cost adjusted for subsequent price changes is to be used, there could be large differences between adjustments on the basis of changes in general prices and adjustments on the basis of the prices of goods similar in nature to the asset in question. In particular, when the asset has a long life and was purchased many years ago use of an inappropriate price index may introduce large errors.

This view, that there is no single index of inflation, is embodied in the presentation of the national accounts where flows of defined categories of goods and services are adjusted for the relevant price changes and revalued to a constant price level, but, in general, components of income are not deflated to allow for price changes. Similarly no attempt is made to adjust to a constant price level the entire appropriation, capital or financial accounts for companies.

Two stages of adjustment for inflation

Turning now to the more general problems of accounting for inflation in national accounts, it is apparent that there are more important parallels for company accounts. There are two broad stages in adjusting accounts for the effects of inflation, and a failure to distinguish clearly between them can lead to confusion. The first stage is to adjust the accounts for the latest year so that they are expressed in terms of the prices prevailing at that time: the second stage is to adjust accounts for a number of years to put them on to a common price basis. These two stages are called, in national accounting terminology, adjustment to current prices and adjustment to the prices of a single base period (constant prices). They are examined in more detail in the two sections which follow. The adjustment to current prices is the more important for assessing the impact of inflation on a company's asset and trading position; certainly it must precede adjustment to the prices of a single base period, which, if it is to be done at all, is a second stage to be carried out after the accounts have been adjusted to current prices. The problems of making such second stage adjustments are discussed in some length in the final section of this article.

Accounts for the last year (current price accounts)

In the national accounts the purpose of the first stage is to estimate the net national income (net value added) during each period. This is intended to measure, at the current prices of the period in question, net value added by economic activity after allowing for the consumption of fixed assets (depreciation), also valued at current prices. The profits or losses arising from holding assets are not included in net national income, although they do affect the nation's wealth and would be reflected in a national balance sheet. In assessing the effects of inflation on a company's position, it is also useful to distinguish that part of profits which reflects the surplus arising from the use of its resources, from that part which reflects capital gains or losses from the holding of assets. One element of the latter is the gain or loss which results from the differences in the valuation of the stocks and work in progress which are held at the beginning and end of the accounting period. 'Good buying' is part of normal trading activity and its results are reflected in profits; nevertheless, it is important to distinguish between profits arising during the accounting period and any gains or losses arising from carrying stocks forward from the preceeding accounting period or into the next one.

Profit and loss account

In companies' profit and loss accounts, the historic cost record of current trading activity will reflect the prices in the current accounting period except in two respects discussed below: firstly in the provisions for depreciation and secondly in the valuation of stocks in the calculation of trading profits. While adjustments should certainly be made for these two items it does not seem necessary to adjust either these items, or other figures based on prices at various times during the accounting period, to reflect prices at one specific point in time, for example, at the end of the accounting period.

First of all depreciation provisions in the adjusted current price accounts would be based not on the historical cost of the fixed assets being depreciated but on current costs. The differences between the two may be very large and ought to be allowed for. Depreciation provisions for use of the assets during the year could be related to the average cost of equivalent new assets during the year or to the average of this cost at the beginning and end of the year; such a depreciation is more comparable with the figures of gross trading profits, which reflect prices throughout the accounting period, than is depreciation related to prices at the end of the accounting period which is normally used in replacement cost accounting (this cost may have to be estimated by applying an appropriate price index to the historic cost of the asset in question). If this procedure were followed depreciation allowances in company accounts would provide estimates of capital consumption of the kind we now estimate indirectly for use in the national income accounts. As an alternative to depreciation provisions at current cost, estimates of changes between opening and closing dates in the net realisable value of certain types of asset might be used; for this to be appropriate there would have to exist a market in the assets which did not impose a penalty on liquidation.

The second adjustment is necessary because, as conventionally measured, the trading profit of a company contains an element of gain or loss from stockholding. This element is distinguished at the macro-economic level in the national accounts where stock appreciation is excluded from gross domestic product; it is probable that the separation of these elements would also be helpful in assessing the trading position of the individual company. In the adjusted current price accounts a measure of trading profits could be calculated by charging goods taken from stock at the prices prevailing during the accounting period rather than the prices originally paid for them—thus reflecting only the

income derived from trading as distinct from the gain or loss arising from holding stocks. The approximation used in the national accounts is to revalue opening and closing stocks at the average prices prevailing during the period. Thus opening stocks, which are conventionally treated as a purchase from the preceding accounting period in striking profits, and closing stocks, which are similarly treated as a sale to the next accounting period, are valued in approximately the same way as other purchases and sales during the period. The difference between the change in stocks valued on this basis and that on the basis of cost (or market value if lower) can be regarded as a gain from the holding of stock (stock appreciation), and it is useful to distinguish this element of a company's trading profit as recorded in the historic cost accounts. This comes close to what is done in replacement cost accounting, under which the aim is to set aside the sums needed to maintain the physical level of stocks.

Balance sheet

It would be useful if a supplementary balance sheet could be produced at the end of each year, which reflected as far as possible the current valuations of assets at that time. This means that assets whose price may vary would need to be adjusted for any price changes that have occurred since acquisition (or the most recent revaluation). But I consider such adjustments ought not to be made using a single index of general purchasing power, because there is no index that is appropriate to all items in the balance sheet. The adjustment to current valuation should be as specifically related as possible to the assets involved. In this way will be seen the effect of price changes on the particular mix of assets held by the company, which may be very different from a general purchasing power adjustment.

Thus the valuations of fixed capital assets (the principal 'non-monetary' assets used in the process of trading) should reflect a current written-down valuation of these assets. Trade investments and other share, etc. holdings should also reflect the current valuation of these investments (I would include marketable fixed interest investments among these non-monetary assets which should be revalued since their market value may change, and not among the monetary assets; this would not be of much importance for manufacturing companies, but could be so for financial companies to whom the same general approach described here should apply).

The balance sheets for the end of the latest year and the end of the preceding year (and hence the beginning of the latest year) would be expressed respectively at the prices ruling at the end of the latest year and those ruling at the end of the preceding year. If the capital gains or losses arising from revaluation or disposal of assets are brought into the profit and loss account, instead of being taken direct to reserves, they should be separated clearly from the current trading results.

There are two main possibilities for the valuation of stocks and work in progress in balance sheets compiled according to a system of inflation adjusted accounts. They could be valued as in the historic cost accounts, at the lower of cost or realisable value; or they could be valued at their replacement cost at the date of the balance sheet. These possibilities affect the trading and profit and loss accounts, since in the trading account opening stocks are treated as a purchase from the previous accounting period, and closing stocks as a sale to the subsequent accounting period. Under both alternatives, the element of trading profit excluding stock appreciation (described above) would be the same; with valuation at the lower of cost or realisable value, the gain or loss element would reflect the difference between the historic and replacement costs of materials taken from stock when they are embodied in goods sold (as for the estimates of stock appreciation in the national accounts). The total of the two elements would then be the same as in the historic cost accounts, and the link between the trading account and the balance sheet would be the same. With valuation at replacement cost at the date of the balance sheet, the changes between the successive balance sheet values of stocks would be affected by differences between the historic cost of stock and its valuation at the date of the balance sheet; these are similar to the unrealised gains or losses which result from the revaluation of fixed assets, and might likewise be taken to reserve rather than be carried to the profit and loss account.

There are arguments in favour of both approaches. To include in the trading or profit and loss account only the gain or loss on stocks which are embodied in goods sold, would limit the change to the conventional basis of measuring profits, and to the extent that the stock appreciation element of profits would still be regarded as relevant to decisions about the distributions of profits, etc., would be the more prudent approach. To bring revaluation gains or losses into the system of inflation adjusted accounts has the advantage of a consistent approach to the effects of inflation, in the valuation of all types of asset included in the current valuation balance sheet; on the other hand it could be argued that this kind of consistency is unimportant given that stocks differ from fixed assets in (i) the purpose for which they are held, (ii) the period for which they are held, and (iii) in that prices of basic materials included in stocks are much more volatile than those of fixed assets. It might then still be necessary to distinguish in the profit and loss account the gain or loss on stocks embodied in goods sold, so that revaluation gains or losses on stocks held would appear separately, the latter perhaps being carried to reserve. On balance it seems preferable not to carry into the profit and loss account revaluations to stocks held but not embodied in goods sold; this has the advantage of retaining a direct link with the historic cost accounts and avoids problems arising when the value of stocks are volatile. This does not necessarily imply that stocks should be valued in the balance sheet at historic cost, since the difference between historic cost (used in the trading account) and replacement cost (if used in the balance sheet) might be reflected elsewhere in the system of accounts; but on grounds of simplicity, the balance of advantage might lie in valuing stocks at historic cost, even in the current value balance sheet.

In adjusting to current prices it would not be necessary to make any valuation adjustments to the monetary items in the balance sheets since their values are fixed in money terms and so are already in terms of 'current prices'.

The adjusted system of accounts described in this section is similar to replacement cost accounting which is already practised to some extent. It has to be recognised that the recommendation of the use of specific revaluations would often involve some subjective elements and more work to some companies than the use of a single index. However, the approach I have outlined in this article would be far more valuable, easy to understand and interpret, and more representative of the 'true' position of a company than simpler alternatives based on the use of a single index. Those companies who already use replacement cost accounting often assemble a great deal of detailed price information highly specific to their own activities. Not all companies will have the inclination or resources to do this, but even if only relatively few official price indices of capital goods and commodity prices are applied to the main groupings of assets held, this will still give a more realistic picture than the use of a single index.

Comparisons with earlier years

As already mentioned the various components of income are not deflated to allow for price changes in the national accounts. The adjustments to the valuations of fixed assets, which I have described, bring the income accounts to a consistent current price basis, identifying the important effects of inflation. Comparisons between companies based on these adjusted accounts would, for the same period, give all the information required as they would both have been subject to the same inflationary conditions. However, comparison of the accounts for the latest year with those for the preceding and earlier years would still be complicated by the effect of changes in prices, and for certain purposes such comparisons may be of interest. For example, a time series of past results, adjusted for price changes, would clearly be a useful guide to investors, actual or potential, in assessing the future prospects of an existing public company; the Companies Act requires that such a series of past results, although expressed at historic prices, be included in any offer of shares for sale to the public.

Ratios derived from accounts adjusted for inflation in the way proposed in preceding paragraphs, such as operating profits of net assets, the return on the total equity interest, and the dividend cover, would be more revealing than those derived from the historical accounts. Furthermore, comparison between the ratios based on such accounts for successive years would not be distorted by inflation and would need no further adjustment.

For certain purposes it may be desirable to go beyond the ratios based on the current price accounts and to make comparisons of certain items in a company's accounts expressed in terms of the prices of a single base period. If, as may well be, it is desirable to show only some of the major items appearing in the accounts on a price-adjusted basis, such as sales, trading profits or fixed assets, then it may be possible to select a reasonably appropriate price index for the revaluation of each item. Thus a food manufacturer might wish to show its sales deflated by an index of wholesale food prices, and its fixed assets deflated by an index of fixed assets prices.

Alternatively, but not necessarily preferably, all the major items of interest might be deflated by a single price index (the choice of such an index is discussed below). The theoretical difficulties involved in the concept of one general purchasing power of money have been discussed above, where it was stated that there is no single index which is appropriate to all items in the accounts or to all the different transactors concerned (managers, shareholders, the government, etc.). The opinion of statisticians is that it is not possible to recommend one method utilising a single price index for all circumstances; different methods may be appropriate depending on the type of comparison being made, the item which is of interest in the accounts and from whose point of view the assessment is made (managers, shareholders, etc.). However, such second stage adjustments should not be carried out directly on historic cost accounts. The first stage of adjusting each year's accounts to a current price basis, in which the specific price changes relevant to the experience of the individual company are brought into account, is an essential preliminary.

If a single price index is to be used for the deflation process then there are several candidates, all of which can be justified on various grounds. If it is accepted that it is most important at this stage to adjust the accounts using a price index relevant to the non-institutional shareholder, then an index of the prices of consumer goods and prices seems appropriate. The two possibilities under this heading in the United Kingdom are the implied price index for consumer's expenditure derived from the national income accounts (now called the 'consumers' expenditure deflator') and the retail prices index. The former is in some ways more attractive because it is based in principle on the expenditure patterns of all consumers and covers all their expenditure. The retail prices index by contrast is weighted by a pattern of expenditure which excludes certain types of expenditure and which does not cover the high income households among which shareholders can be expected to be concentrated.

However the retail prices index has several practical advantages: it is published regularly each month with a relatively short delay and it is not subject to revision. The 'consumers' expenditure deflator' is published annually, with a delay of several months, and back years are subject to revision as estimates of consumers' expenditure are improved. If a single price index were to be used, then on the grounds of practicality, the retail prices index would seem the most convenient. However it must be emphasised again that this index should only be used to adjust a run of years accounts which have already been expressed at current prices through the use of specific price indicators.

If the whole accounts are being adjusted at this second stage then adjustments to monetary items in the balance sheet would give rise to a gain on net monetary liabilities and a loss on net monetary assets. The specific price changes which will have been applied to non-monetary assets in the first stage current price adjustments will not necessarily be the same as the change in the index now being used, and in the 'constant price' accounts there will be a gain or loss on non-monetary assets depending on whether the prices of these assets have risen faster or slower than the index of general inflation used. For example, in a period when

property prices were rising faster than prices in general, those companies with a higher proportion of property in asset portfolio, would be shown as making gains relative to the general price level as measured, whether assets have been realised or not. Inclusion of these gains and losses may well produce different year-to-year changes in profits (including gains) from those obtained by a direct revaluation of the profits (including gains) shown in the current price accounts.

The price level in terms of which the adjusted accounts are expressed might be that of the end of the latest accounting year, or might equally well be some earlier convenient base period. The use of the latest accounting year has the advantage of expressing accounts in terms of a price level close to that prevailing when the accounts are produced and used. But it also has two disadvantages: first, past years' figures have to be fully revised each year, which may mean a considerable amount of work particularly when ten-year runs are available, and secondly companies would be working in terms of a variety of price levels depending on when their accounting years ended. Consideration might be given to using an earlier base period, which might conveniently be the base date of the official price index used. All companies would then be adjusting relative to the price level at the same date, and there would be no need to revise back-years every year. Of course the official price indices are from time-to-time rebased on a new period (but not more often than at five-year intervals). This suggestion would not affect relativities within or between accounts, but could simplify the adjustment process and comparisons of the adjusted figures.

Summary

In this article I have described how the effect of inflation and relative price movements could be recorded by means of a statement supplementing the main historical cost accounts, in which the accounts are adjusted to current prices. In each balance sheet this would involve the revaluation, as specifically as possible, of assets other than stocks and work in progress, to the prices ruling at the date to which it relates. In the profit and loss account depreciation provisions would be adjusted to reflect the current rather than the historical cost of assets and that part of profits arising from the gain or loss from stock appreciation would be identified. Any gains or losses resulting from price changes brought into the profit and loss account would similarly be separately be identified. Although these steps would involve more work by company accountants, and may extend the area of subjective judgement in compiling accounts there is no doubt that they would lead to a much fuller appreciation of the position of the individual company. I have argued that there is no completely satisfactory method of making comprehensive revaluations of accounts for different periods to the price level of a single period and that, if this done at all, it should be as a second stage after the adjustment to current prices.

Finally, I should like to acknowledge the considerable assistance received in the preparation of this article from statisticians, both past and present, throughout the Government Statistical Service.

CHARTS AND TABLES

The purpose of the charts and tables is to provide the broad background to the trends of the economy rather than to give detailed information about particular series (for which the *Monthly Digest of Statistics* and other publications may be consulted). Economically related series are grouped together and consequently the same series may appear on more than one page.

Most series are seasonally adjusted, that is, normal seasonal changes have as far as possible been removed from the figures; by this means movements in different periods may more readily be compared, but it must be borne in mind that the seasonal adjustments are subject to some uncertainties. For series which still show considerable short-term fluctuations after seasonal adjustment a trend line has been fitted by the use of weighted moving averages.

For convenience of comparison, index numbers in some charts and tables are referred to a common date as base which differs from the original base dates to which their weighting applies.

In order that recent movements may be seen in perspective most of the charts cover a long run of years, but some of the series (for example, measures of volume or of price changes) may provide only a broad guide to changes over long periods.

Logarithmic scales are used in charts where the main purpose is to compare the slopes of series which are very different in magnitude.

Except where otherwise stated, monthly and quarterly figures relate to totals for the period and are not converted to annual rates. The statistics relate mainly to the United Kingdom of Great Britain and Northern Ireland; where figures are for Great Britain only, this is indicated on the table.

In tables where figures have been rounded to the nearest final digit, there may be an apparent slight discrepancy between the sum of the constituent items and the total as shown. The following symbols are used in the tables:

..	not available
—	nil or less than half the final digit shown
§	series for which measures of variability are given on page 42

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Main economic series

All series are seasonally adjusted unless otherwise stated

	Gross domestic product at factor cost at 1970 prices (1) §				Index of industrial production §		Employed labour force (2)	Output per person employed at 1970 prices			Wages and salaries per unit of output	Unemployed excluding school-leavers and adult students (UK)	
	Expenditure based	Income based (3)	Output based	Average estimate	All industries	Manufacturing industries		Gross domestic product (Output)	All production industries	Manufacturing industries	Whole economy	Monthly average Thousands	Percentage rate(4)
	1970 = 100												
1963 1st quarter	79·4	79·1	78·7	79·1	75·3	74·0	99·5	79·1	73·6	73·9	75·2	585·4	2·5
2nd quarter	83·4	82·8	81·8	82·7	79·0	76·8	100·0	81·8	76·6	76·8	73·4	557·5	2·4
3rd quarter	83·5	84·0	83·2	83·6	81·3	79·4	100·0	83·2	78·6	79·5	73·5	526·4	2·2
4th quarter	85·3	85·1	84·4	85·0	83·1	81·3	100·5	84·0	80·1	81·1	74·1	480·5	2·0
1964 1st quarter	86·0	85·8	85·5	85·8	85·6	84·1	100·9	84·7	82·0	83·5	75·0	418·8	1·8
2nd quarter	88·0	86·9	86·8	87·3	85·6	84·1	101·1	85·8	81·8	83·0	75·5	404·0	1·7
3rd quarter	87·6	88·4	87·2	87·7	86·2	84·9	101·5	85·9	82·1	83·5	75·9	389·9	1·6
4th quarter	89·0	88·0	88·5	88·5	88·5	87·3	101·9	86·9	83·8	85·4	77·9	353·8	1·5
1965 1st quarter	89·2	88·9	89·0	89·0	89·0	87·1	102·2	87·1	84·0	85·0	77·9	332·1	1·4
2nd quarter	89·1	89·6	89·1	89·2	88·7	87·4	102·2	87·2	83·7	85·2	78·8	338·1	1·4
3rd quarter	90·0	90·4	89·5	90·0	88·7	87·2	102·2	87·6	83·6	84·8	79·7	352·8	1·5
4th quarter	90·8	91·3	90·5	90·9	90·1	88·6	102·7	88·1	84·8	86·0	80·5	328·0	1·4
1966 1st quarter	90·7	90·7	91·0	90·8	90·9	90·0	102·9	88·4	85·5	87·3	82·9	302·1	1·3
2nd quarter	91·2	90·2	91·3	90·9	91·0	89·6	102·9	88·7	85·7	87·0	84·6	314·5	1·3
3rd quarter	92·0	92·8	91·5	92·1	91·2	90·1	102·7	89·1	86·1	87·5	82·6	352·2	1·5
4th quarter	92·6	92·2	90·8	91·8	89·3	87·2	101·9	89·1	85·1	85·6	83·0	444·1	1·8
1967 1st quarter	93·6	91·3	91·1	92·0	90·5	88·6	101·3	89·9	87·0	87·8	83·4	515·7	2·2
2nd quarter	94·2	94·2	92·1	93·5	91·4	89·5	101·3	90·9	88·5	89·4	83·8	544·7	2·3
3rd quarter	94·1	93·2	92·5	93·3	91·5	89·7	101·4	91·2	89·2	90·2	85·9	559·8	2·4
4th quarter	92·9	93·7	94·0	93·5	93·4	91·4	101·0	93·1	91·6	92·3	86·2	569·3	2·4
1968 1st quarter	96·2	95·1	96·4	95·9	96·3	94·5	100·8	95·6	94·7	95·6	87·0	573·7	2·4
2nd quarter	95·8	95·8	96·1	95·9	97·0	95·6	100·6	95·5	95·7	96·8	86·7	580·9	2·5
3rd quarter	97·9	98·3	96·5	97·5	97·4	96·2	100·6	95·9	96·1	97·0	86·0	576·6	2·4
4th quarter	98·5	99·0	97·0	98·2	97·9	96·7	100·7	96·3	96·4	97·2	86·7	567·6	2·4
1969 1st quarter	98·1	98·3	97·5	98·0	99·0	98·2	100·7	96·8	97·2	98·2	89·3	562·3	2·4
2nd quarter	97·9	98·3	98·6	98·2	100·4	100·1	100·7	97·9	98·6	99·7	90·1	557·2	2·4
3rd quarter	98·3	98·9	98·5	98·6	99·8	99·6	100·6	97·9	98·3	99·2	90·8	566·7	2·4
4th quarter	99·6	99·6	98·6	99·3	99·7	99·7	100·4	98·2	98·4	99·1	93·2	580·2	2·5
1970 1st quarter	98·2	97·5	99·4	98·4	99·6	99·6	100·4	99·0	98·8	99·2	96·9	586·9	2·5
2nd quarter	100·0	100·5	99·6	100·0	99·6	99·3	100·0	99·6	99·2	99·0	99·0	597·8	2·5
3rd quarter	100·4	101·5	100·4	100·7	100·4	100·2	99·9	100·5	100·7	100·3	100·7	606·8	2·6
4th quarter	101·4	100·6	100·6	100·8	100·4	100·8	99·7	100·9	101·3	101·4	103·4	617·5	2·6
1971 1st quarter	100·1	100·0	99·8	100·0	100·0	99·8	98·5	101·3	101·4	101·0	106·5	668·5	2·9
2nd quarter	101·4	99·9	101·2	100·9	100·7	100·2	98·3	103·0	103·6	103·1	109·1	750·3	3·3
3rd quarter	103·3	101·2	101·8	102·1	100·6	99·6	97·6	104·3	104·6	103·6	111·0	813·1	3·6
4th quarter	103·3	101·4	102·4	102·3	100·3	99·0	97·6	104·9	105·4	104·4	112·5	871·6	3·8
1972 1st quarter	102·2	99·8	101·6	101·2	98·1	98·5	98·1	103·6	103·8	104·9	116·7	908·2	4·0
2nd quarter	103·4	103·3	104·5	103·7	102·8	101·3	98·4	106·2	108·9	108·3	117·4	879·4	3·8
3rd quarter	103·3	103·2	104·9	103·8	103·0	102·4	98·9	106·1	108·8	109·5	120·6	846·5	3·7
4th quarter	105·1	105·9	107·0	106·0	105·9	105·7	99·4	107·6	111·6	113·2	122·4	785·4	3·4
1973 1st quarter	110·4	107·5	110·1	109·3	110·4	110·7	100·4	109·7	115·7	118·0	124·3	700·0	3·0
2nd quarter	108·6	110·0	109·3	109·3	109·4	109·4	100·6	108·6	114·3	116·3	126·1	636·4	2·7
3rd quarter	110·1	108·9	110·4	109·8	110·3	110·9	100·8	109·5	115·3	117·7	130·6	591·4	2·5
4th quarter	108·4	109·8	110·0	109·4	109·2	110·3			114·0	116·7	133·9	516·0	2·2
1974 1st quarter	106·7	104·2	106·8	105·9	103·0	105·3			107·7	111·8	142·4	570·1	2·5
2nd quarter					108·6	109·3						579·5	2·5
3rd quarter													
4th quarter													

(1) These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
(2) The earlier figures in this series have been adjusted to be consistent with Census of Employment data on which the later figures are based.
(3) Income data deflated by the price index implied by estimates based on expenditure data.
(4) The base used in calculating the percentage rate of unemployment is the appropriate mid-year estimate of total employees (employed and unemployed).

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Vacancies notified to employment offices (GB)§	Basic hourly wage rates	Average earnings of all employees (GB) §	General index of retail prices: All items	General index of retail prices: All items except items of food whose prices show significant seasonal variations	Wholesale prices index: Basic materials and fuel purchased by manufacturing industry (4)	Wholesale prices index: Output All manufactured products Home sales	Unit value index numbers (1): Exports	Unit value index numbers (1): Imports	Unit value index numbers (1): Terms of trade	Personal disposable income revalued at 1970 prices (2)§	Consumers' expenditure at 1970 prices §	Personal savings ratio (3)
		n.s.a.		n.s.a.	n.s.a.	n.s.a.	n.s.a.	n.s.a.	n.s.a.	n.s.a.			
	Monthly average Thousands	Jan. 1956 = 100	Jan. 1970 = 100	Jan. 1962 = 100		1970 = 100					£ million		Percentage
1963 1st quarter	127·5	139·4	62·1	103·3	102·8	77·2	77·7	75·9	78·6	96·6	7,179	6,631	7·6
2nd quarter	136·8	140·9	64·0	103·9	103·0	77·4	77·9	76·3	79·1	96·5	7,350	6,873	6·5
3rd quarter	142·7	141·5	65·1	103·2	103·5	76·9	77·9	77·2	78·9	97·8	7,523	6,950	7·6
4th quarter	170·6	143·3	65·9	104·0	104·6	80·3	78·5	77·5	80·1	96·8	7,577	6,962	8·1
1964 1st quarter	199·9	146·1	67·4	104·9	105·4	80·6	79·1	77·3	80·7	95·8	7,608	7,015	7·8
2nd quarter	212·4	147·8	68·5	106·8	107·0	80·3	80·2	77·7	80·7	96·3	7,633	7,035	7·8
3rd quarter	228·4	149·5	69·9	107·7	108·3	81·1	80·7	78·5	80·7	97·3	7,741	7,081	8·5
4th quarter	243·7	151·0	70·9	108·6	109·3	82·5	81·2	78·6	81·3	96·7	7,757	7,143	7·9
1965 1st quarter	249·6	153·8	72·2	109·6	110·3	82·5	82·1	79·3	81·4	97·4	7,804	7,151	8·4
2nd quarter	270·4	156·1	73·3	112·4	112·6	82·2	83·4	79·5	81·4	97·7	7,780	7,115	8·5
3rd quarter	270·9	159·9	74·5	112·9	113·3	81·6	83·8	80·1	81·2	98·6	7,873	7,208	8·4
4th quarter	269·4	161·9	76·3	113·6	114·0	82·4	84·0	80·7	81·6	98·9	7,998	7,234	9·5
1966 1st quarter	275·8	166·0	77·6	114·4	114·8	83·9	84·8	81·8	82·0	99·8	8,303	7,338	11·6
2nd quarter	278·5	168·1	79·2	116·6	116·3	85·4	85·4	83·0	82·8	100·2	7,946	7,375	7·2
3rd quarter	259·4	169·8	79·6	117·0	117·4	84·0	86·1	83·6	82·2	101·7	7,907	7,288	7·8
4th quarter	205·3	169·9	79·6	117·9	118·1	83·4	85·9	83·6	82·3	101·6	7,976	7,257	9·0
1967 1st quarter	183·4	171·4	79·8	118·6	118·7	82·8	86·1	83·8	82·1	102·1	7,925	7,312	7·7
2nd quarter	166·5	172·9	80·7	119·6	119·2	82·3	86·1	83·9	81·4	103·1	8,152	7,403	9·2
3rd quarter	166·3	177·3	82·6	119·0	119·2	82·6	86·6	84·4	83·2	101·4	8,297	7,510	9·5
4th quarter	179·3	179·7	84·2	120·4	120·7	87·6	87·1	85·4	86·6	98·6	8,189	7,616	7·0
1968 1st quarter	180·5	184·8	85·9	122·1	122·2	92·3	88·7	88·9	92·0	96·6	8,406	7,807	7·1
2nd quarter	181·2	185·8	87·1	125·0	125·0	90·7	89·8	90·8	92·7	98·0	8,196	7,493	8·6
3rd quarter	187·6	187·7	89·0	125·7	126·1	91·0	90·3	92·3	94·1	98·1	8,256	7,605	7·9
4th quarter	202·0	191·0	91·0	127·2	127·6	91·8	91·0	92·8	94·6	98·1	8,292	7,651	7·7
1969 1st quarter	200·6	194·7	92·2	129·7	129·7	93·1	92·2	93·9	94·5	99·4	8,338	7,592	8·9
2nd quarter	200·8	195·6	94·1	131·8	131·0	94·3	92·6	93·9	95·5	98·3	8,222	7,665	6·8
3rd quarter	199·2	197·8	95·9	132·0	132·0	95·2	93·7	94·2	96·5	97·6	8,310	7,640	8·1
4th quarter	197·2	201·6	98·5	133·7	133·9	97·5	94·7	95·1	98·1	96·9	8,411	7,741	8·0
1970 1st quarter	194·2	209·0	101·6	136·2	136·0	99·2	96·7	98·9	99·6	99·3	8,334	7,715	7·4
2nd quarter	189·1	214·0	105·0	139·5	138·7	99·7	98·9	100·0	100·8	99·2	8,617	7,836	9·1
3rd quarter	185·1	219·5	108·3	141·1	141·3	99·8	100·9	102·0	100·8	101·2	8,719	7,923	9·1
4th quarter	174·3	228·3	111·9	144·0	144·6	101·4	103·4	102·3	100·6	101·7	8,705	7,930	8·9
1971 1st quarter	149·9	237·5	114·6	147·9	148·0	103·0	106·3	104·1	102·8	101·3	8,677	7,873	9·3
2nd quarter	127·2	242·4	117·2	153·2	152·8	104·9	108·7	105·3	106·0	99·3	8,702	8,014	7·9
3rd quarter	120·4	248·6	120·4	155·3	155·5	105·6	110·3	107·4	106·5	100·8	8,813	8,133	7·7
4th quarter	118·6	257·0	122·6	157·3	157·5	104·8	110·8	109·1	105·6	103·3	8,970	8,234	8·2
1972 1st quarter	123·5	265·9	126·3 (5)	159·7	159·7	105·6	112·1	110·3	106·3	103·8	8,985	8,346	7·1
2nd quarter	132·0	272·0	130·6	162·7	162·5	106·1	113·5	110·8	107·4	103·2	9,492	8,479	10·7
3rd quarter	147·2	103·4 (6)	135·1	165·4	165·1	109·4	115·6	114·1 (7)	110·8 (7)	103·0 (7)	9,379	8,607	8·2
4th quarter	178·6	108·1	142·0	169·4	169·2	115·6	118·0	115·1	115·8	99·4	9,653	8,739	9·5
1973 1st quarter	228·4	108·9	143·8	172·4	171·4	126·0	119·5	119·1	122·2	97·5	9,753	9,017	7·5
2nd quarter	288·9	113·8	149·3	177·9	175·6	133·3	120·1 (8)	123·5	131·8	93·7	9,984	8,832	11·5
3rd quarter	334·0	118·6	154·8	180·6	179·1	150·9	124·2	128·4	144·6	88·8	9,935	8,923	10·2
4th quarter	364·2	121·1	160·0	186·8	184·8	167·6	129·1	135·2	159·4	84·8	9,998	8,923	10·7
1974 1st quarter	285·1	124·9	158·4	194·6	192·4	205·1	138·3	145·8	188·0	77·6	9,781	8,871	9·3
2nd quarter	309·2	130·8		206·1	203·7	209·8	148·8	160·3	210·2	76·3			
3rd quarter													
4th quarter													

(1) *Overseas Trade Statistics* basis. (2) Before providing for depreciation, stock appreciation and additions to tax reserves.
(3) Personal saving, including additions to reserves, as a percentage of personal disposable income. (4) Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971. (5) As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.
(6) The current series is based on 31 July 1972=100; the hourly wage rates index based on January 1956=100 was 277·3 at that date.
(7) Affected by the dock strike. (8) See footnote (3) on page 30.
n.s.a. = not seasonally adjusted.

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Volume of retail sales (GB) (1)	New registrations of cars (GB)	Changes in hire purchase and other instalment debt(2)	Gross domestic fixed capital formation						Investment in stocks(3) §		Engineering (4) industries	Construction industry
				Total §	Private sector	Public sector	Manufacturing industry §	Private dwellings	Public dwellings	Total	Manufacturing	Net new orders Home market	Orders received (5)
	1971=100	Thousands	£ million	£ million at 1970 prices								1970=100	
1963 1st quarter	84·7	211·0	+ 2	1,416	829	587	338	125	81	— 18	17	..	97
2nd quarter	86·4	254·0	+ 19	1,622	895	727	354	176	125	81	— 17	..	95
3rd quarter	88·0	260·7	+ 28	1,674	902	772	346	185	133	— 7	6	..	105
4th quarter	88·2	282·9	+ 34	1,739	956	783	353	193	140	141	97	..	98
1964 1st quarter	88·7	283·6	+ 41	1,804	998	806	369	195	153	176	133	..	103
2nd quarter	88·9	288·0	+ 40	1,855	1,028	827	392	202	163	270	196	..	109
3rd quarter	89·4	309·5	+ 45	1,911	1,060	851	395	205	157	207	130	..	115
4th quarter	90·4	309·6	+ 42	1,934	1,078	856	413	211	157	283	194	..	127
1965 1st quarter	91·0	307·4	+ 35	1,959	1,101	858	442	216	161	172	132	..	113
2nd quarter	91·1	264·2	+ 40	1,921	1,066	855	416	202	159	139	135	..	107
3rd quarter	91·8	272·0	+ 25	1,921	1,064	857	434	199	162	167	119	..	108
4th quarter	92·5	278·9	+ 13	2,006	1,100	906	440	200	181	124	74	..	101
1966 1st quarter	93·3	296·4	+ 3	1,974	1,096	878	450	194	178	123	103	..	101
2nd quarter	93·5	315·7	— 11	1,964	1,039	925	436	195	173	136	52	..	102
3rd quarter	92·5	247·5	— 54	2,018	1,072	946	449	189	193	167	149	..	106
4th quarter	91·9	205·8	— 73	2,027	1,054	973	445	187	206	— 12	11	..	101
1967 1st quarter	93·3	240·8	— 48	2,091	1,065	1,026	439	191	211	107	46	..	126
2nd quarter	93·4	268·0	— 39	2,184	1,127	1,057	452	199	214	127	24	..	115
3rd quarter	95·2	290·5	+ 16	2,163	1,103	1,060	425	210	212	38	11	..	112
4th quarter	96·4	317·3	+ 31	2,126	1,053	1,073	419	201	211	66	— 9	..	119
1968 1st quarter	98·7	324·2	+ 34	2,246	1,137	1,109	440	212	235	— 46	— 59	..	109
2nd quarter	95·8	245·2	— 8	2,217	1,150	1,067	434	214	220	170	91	..	105
3rd quarter	96·8	263·9	+ 12	2,225	1,204	1,021	453	206	221	195	153	..	104
4th quarter	97·3	283·6	+ 8	2,263	1,236	1,027	471	214	218	152	84	..	116
1969 1st quarter	96·9	233·7	— 16	2,279	1,263	1,016	481	203	227	157	140	..	101
2nd quarter	97·8	264·3	+ 1	2,235	1,257	978	504	197	210	107	83	..	98
3rd quarter	97·2	260·1	— 3	2,280	1,281	999	520	188	233	70	24	..	101
4th quarter	96·9	229·3	— 2	2,248	1,242	1,006	519	170	220	85	73	..	110
1970 1st quarter	98·6	258·6	+ 10	2,236	1,246	990	515	168	198	— 21	22	101	101
2nd quarter	99·0	285·8	+ 24	2,317	1,290	1,027	534	170	199	125	76	98	104
3rd quarter	99·5	277·6	+ 20	2,318	1,315	1,003	538	179	203	106	26	99	101
4th quarter	99·1	275·2	+ 30	2,352	1,273	1,079	542	185	201	47	51	98	95
1971 1st quarter	97·8	282·4	+ 13	2,299	1,220	1,079	511	192	193	114	10	95	103
2nd quarter	99·7	289·8	+ 37	2,332	1,331	1,001	498	202	195	—103	—113	92	108
3rd quarter	100·5	347·6	+107	2,318	1,337	981	491	210	182	— 18	— 68	101	107
4th quarter	102·1	381·7	+ 83	2,320	1,312	1,008	468	227	180	—	— 47	104	112
1972 1st quarter	102·1	371·9	+ 87	2,369	1,344	1,025	466	241	185	—131	—156	112	111
2nd quarter	104·6	439·8	+108	2,358	1,396	962	447	237	173	—100	—145	104	118
3rd quarter	107·2	418·5	+123	2,346	1,389	957	430	239	167	— 83	—125	108	105
4th quarter	109·5	432·7	+106	2,356	1,449	907	432	264	163	— 80	— 72	114	116
1973 1st quarter	111·8	454·6	+176	2,506	1,499	1,007	466	263	173	242	163	134	118
2nd quarter	108·0	406·5	+ 80	2,358	1,412	946	448	275	161	188	66	134	108
3rd quarter	110·5	428·7	+109	2,504	1,497	1,007	485	268	181	102	46	143	113
4th quarter	112·3	355·7	+ 73	2,485	1,483	1,002	501	248	169	95	99	137	96
1974 1st quarter	110·1	307·5	— 68	2,522	1,443	1,079	525	224	188	—218	—105	112	73
2nd quarter	107·2	312·3	— 49										
3rd quarter													
4th quarter													

(1) This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
(2) Credit extended by finance houses and retailers, i.e. durable goods shops and department stores *plus* (from 1965) other general stores, general mail order houses and the non-durable goods departments of co-operative societies.
(3) Value of physical increase in stocks and work in progress.
(4) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX). Rebased series, figures from 1963 to 1969 not yet available.
(5) This series has been revised following a review of the seasonal adjustment process.

Main economic series *(continued)*

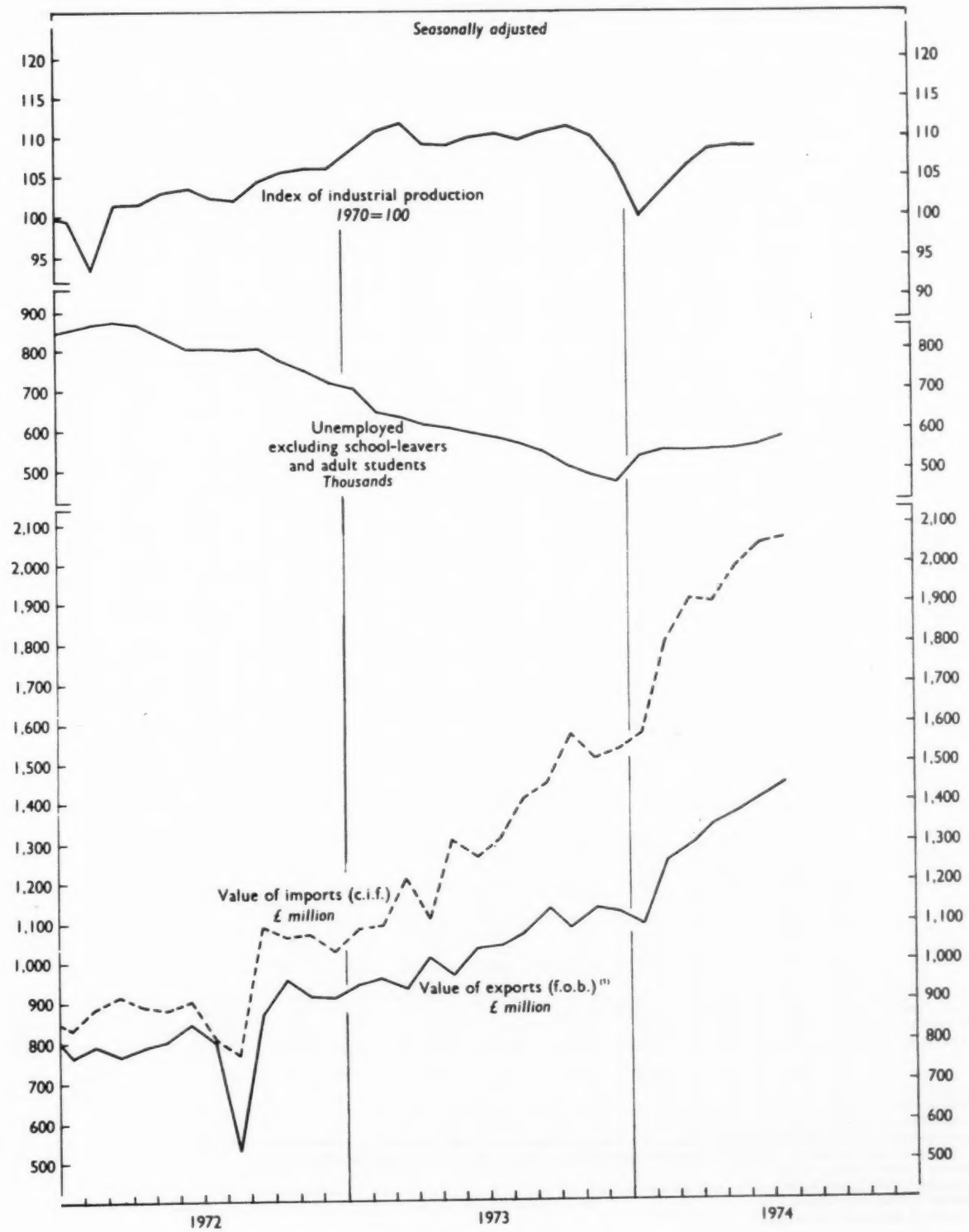
All series are seasonally adjusted unless otherwise stated

	Stock ratios		Change in money stock(1)		Domestic credit expansion	United Kingdom banking sector			Balance of payments		External trade (2)	
	Total stocks to gross domestic product (Expenditure)	Manufacturing stocks to output	M_1	M_3		Change in deposits of domestic sectors	Lending to		Current balance	Total currency flow n.s.a.	Volume of exports	Volume of imports
							Public sector	Private sector (3)				
	End-1969 = 100		£ million								1970 = 100	
1963 1st quarter	100	105	..	50	145	..	..	..	+ 54	— 86	67·3	65·8
2nd quarter	96	101	180	246	350	232	167	196	+ 35	+ 50	69·5	68·0
3rd quarter	95	98	131	177	217	153	138	187	+ 26	+ 6	70·5	70·9
4th quarter	94	97	179	237	336	220	56	146	+ 9	— 28	71·7	72·6
1964 1st quarter	95	95	47	110	362	59	— 58	164	— 82	+ 1	71·6	76·2
2nd quarter	94	97	77	173	363	152	44	220	— 64	+ 12	72·6	76·3
3rd quarter	96	98	71	214	377	186	98	276	—112	—126	70·3	77·6
4th quarter	97	98	39	156	461	113	—398	352	—124	—582	72·5	78·7
1965 1st quarter	98	99	14	122	331	82	—148	186	—	—166	72·8	74·0
2nd quarter	99	101	108	315	318	272	175	122	— 43	—166	74·7	78·0
3rd quarter	99	102	12	183	140	158	167	25	— 14	—196	76·8	79·1
4th quarter	99	102	141	341	379	280	260	109	+ 8	+175	78·0	79·3
1966 1st quarter	100	101	158	285	361	256	122	111	— 43	+ 48	77·7	81·1
2nd quarter	100	102	— 37	62	261	15	— 54	— 26	— 29	—163	74·5	77·7
3rd quarter	100	103	— 25	156	159	141	38	26	— 11	—488	78·8	81·3
4th quarter	100	107	—199	— 36	— 69	— 14	111	— 89	+167	+ 56	82·3	76·3
1967 1st quarter	99	106	260	290	244	246	395	42	+ 19	+509	84·1	84·2
2nd quarter	100	105	130	312	278	284	271	— 60	— 71	— 12	80·5	84·7
3rd quarter	100	105	167	421	684	400	24	317	— 31	—506	78·1	83·9
4th quarter	101	103	102	321	594	291	—118	211	—233	—662	69·2	87·3
1968 1st quarter	98	98	23	207	650	147	—227	107	— 92	—519	87·7	94·0
2nd quarter	99	98	162	435	748	410	75	227	—102	—521	84·2	92·1
3rd quarter	98	100	157	228	203	221	374	49	— 37	— 24	89·9	95·3
4th quarter	99	100	76	272	395	219	—186	145	— 53	—346	90·4	94·3
1969 1st quarter	100	100	— 92	254	128	240	— 66	217	+ 19	+272	91·0	94·0
2nd quarter	101	99	—162	—187	—293	—195	—204	— 80	+ 96	+ 82	96·0	96·6
3rd quarter	101	100	— 4	166	25	162	—307	236	+165	— 47	102·0	96·1
4th quarter	100	100	257	270	— 6	155	209	57	+171	+436	101·3	94·9
1970 1st quarter	101	101	68	127	—259	71	94	286	+259	+915	100·2	95·9
2nd quarter	100	102	313	573	472	535	172	366	+140	+227	99·5	101·3
3rd quarter	101	101	97	410	527	323	163	188	+ 89	—202	94·8	97·9
4th quarter	100	101	319	456	284	399	567	— 31	+220	+347	105·5	104·9
1971 1st quarter	102	102	424	566	79	463	234	230	+150	+973	99·8	103·8
2nd quarter	100	100	104	313	32	291	295	55	+293	+634	111·7	104·6
3rd quarter	98	100	329	473	337	419	432	603	+382	+668	113·4	103·9
4th quarter	98	101	179	1,033	714	992	758	756	+248	+953	111·3	107·1
1972 1st quarter	98	99	418	964	1,092	826	—466	1,436	+ 84	+ 57	109·2	112·6
2nd quarter	96	95	452	1,532	2,142	1,407	—697	1,565	+134	—1,045	113·2	113·2
3rd quarter	96	93	162	1,031	1,324	936	— 45	1,007	—114	— 79	99·3(4)	111·3(4)
4th quarter	94	89	471	1,772	2,320	1,635	182	1,503	+ 10	—198	123·8	127·4
1973 1st quarter	91	87	51	1,501	1,686	1,363	369	1,236	—146	+ 69	123·1	128·4
2nd quarter	93	88	749	1,243	1,238	1,114	461	887	—188	+377	125·3	128·0
3rd quarter	93	88	—325	2,324	2,902	2,320	341	1,921	—291	—258	129·9	136·8
4th quarter	95	89	247	2,226	2,877	2,058	690	1,670	—661	+ 22	128·3	137·9
1974 1st quarter	95	92	—255	1,000	1,516	900	—154	1,109	—979	— 39	130·4	136·4
2nd quarter	..										134·7	137·0
3rd quarter	..											
4th quarter	..											

(1) An article on the definitions of money stock was published in the March 1972 issue of *Economic Trends*.
(2) *Overseas Trade Statistics* basis.
(3) Excluding foreign currencies.
(4) Affected by the dock strike.
n.s.a. = not seasonally adjusted.

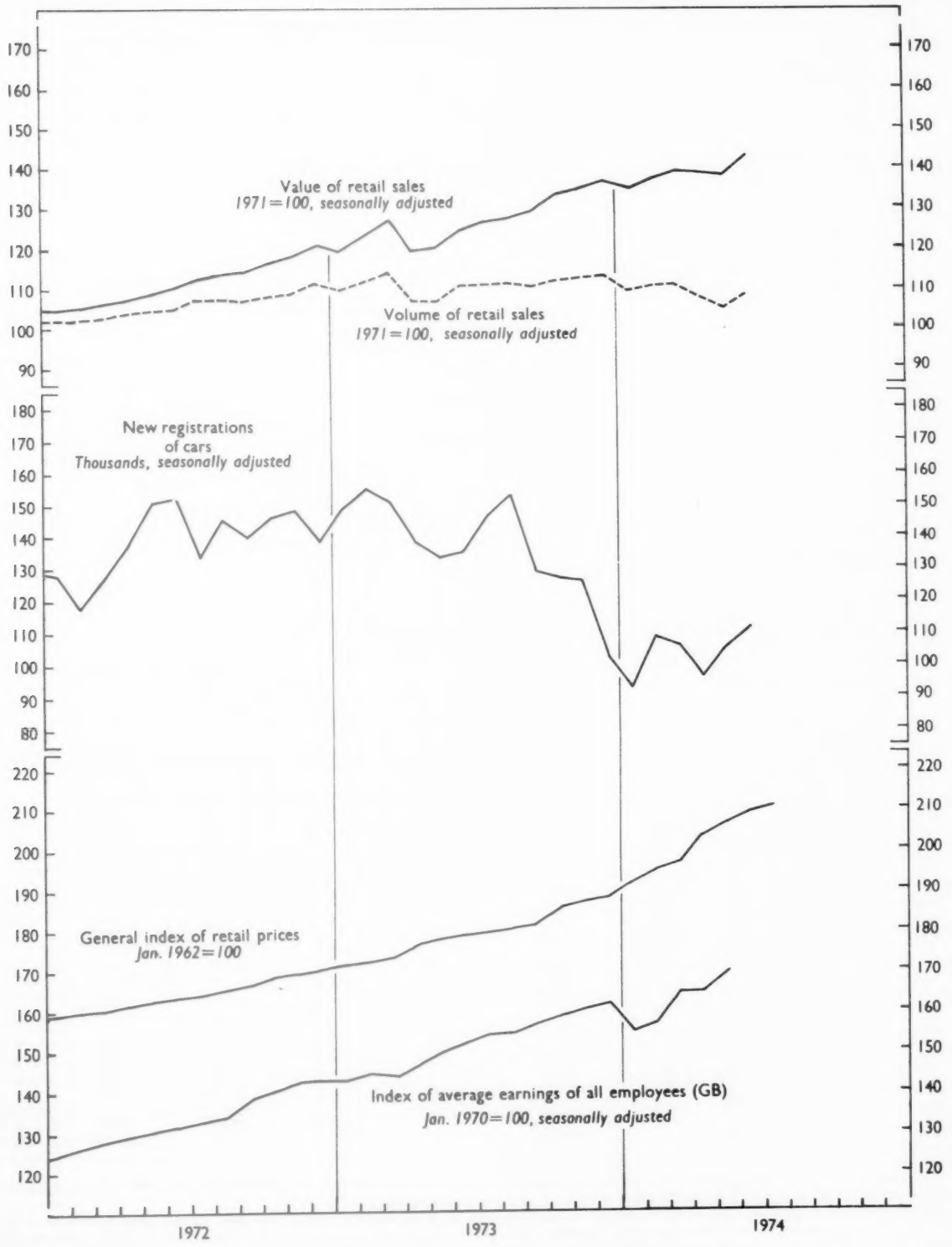
Latest developments

The charts in this section show key monthly indicators on a larger time scale than that used for the longer periods covered in other sections.

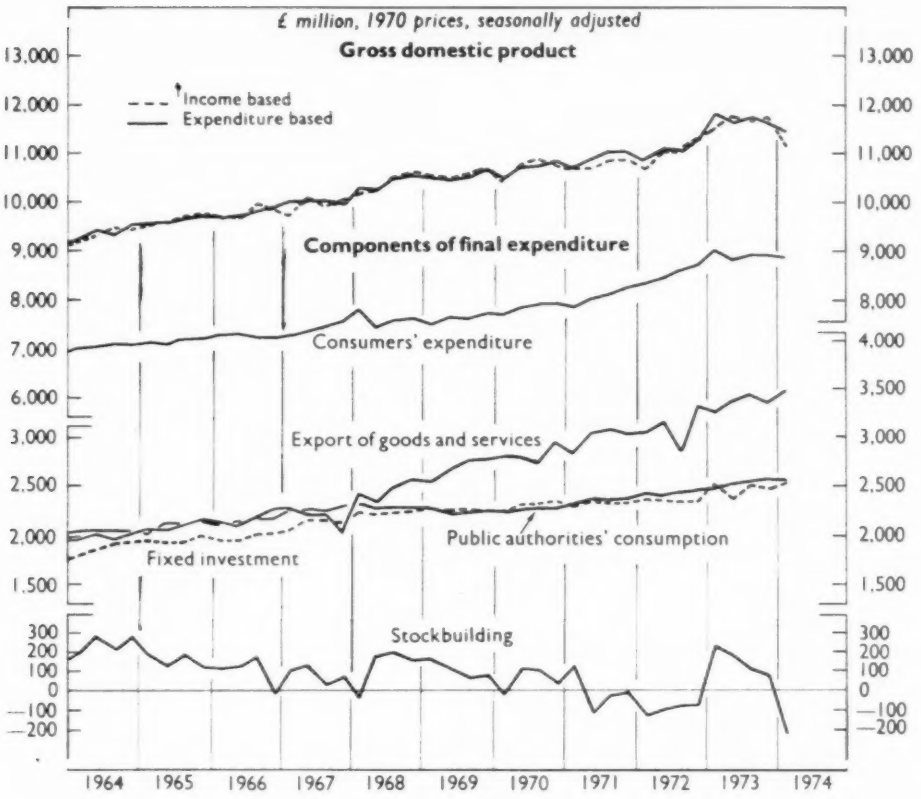


(1) *Overseas Trade Statistics* basis, before adjustment for recording of exports.

Latest developments



Gross domestic product and components of final expenditure



Gross domestic product is a measure of the aggregate output of the economy. When estimated from expenditure data it equals the sum of consumers' expenditure, exports, fixed investment, public authorities' consumption and stockbuilding, *less* imports (the products of other countries) and an adjustment to exclude taxes on expenditure and include subsidies. Gross domestic product at factor cost can also be estimated from output or from income data.

£ million, 1970 prices, seasonally adjusted

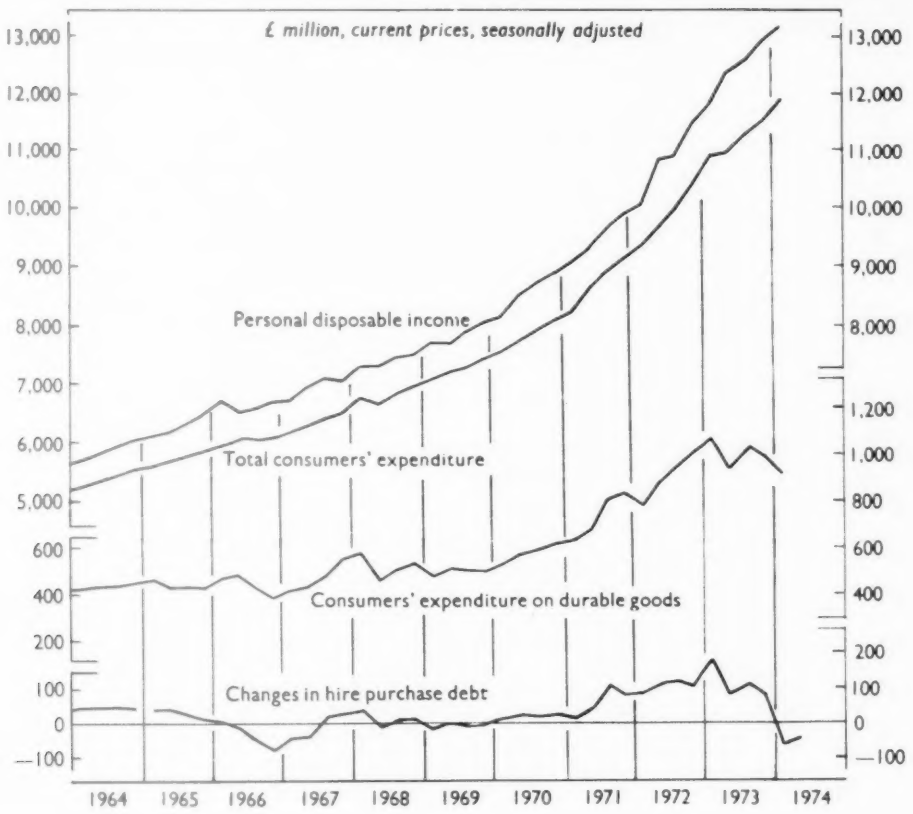
	Gross domestic product at factor cost (expenditure based)	Final expenditure on goods and services at market prices						Imports of goods and services §
		Total	Consumers' expenditure	Public authorities' consumption	Fixed investment	Stockbuilding	Exports of goods and services §	
1970 1st quarter ..	10,521	14,970	7,715	2,237	2,236	— 21	2,803	2,602
2nd quarter ..	10,709	15,349	7,836	2,273	2,317	125	2,798	2,760
3rd quarter ..	10,747	15,362	7,923	2,290	2,318	106	2,725	2,697
4th quarter ..	10,858	15,558	7,930	2,295	2,352	47	2,934	2,813
1971 1st quarter ..	10,717	15,431	7,873	2,310	2,299	114	2,835	2,820
2nd quarter ..	10,861	15,657	8,014	2,334	2,332	—103	3,080	2,870
3rd quarter ..	11,059	15,884	8,133	2,355	2,318	— 18	3,096	2,829
4th quarter ..	11,061	15,972	8,234	2,367	2,320	—	3,051	2,874
1972 1st quarter ..	10,939	16,058	8,346	2,420	2,369	—131	3,054	3,054
2nd quarter ..	11,072	16,303	8,479	2,404	2,358	—100	3,162	3,094
3rd quarter ..	11,058	16,167	8,607	2,443	2,346	— 83	2,854	3,009
4th quarter ..	11,253	16,786	8,739	2,464	2,356	— 80	3,307	3,362
1973 1st quarter ..	11,826	17,519	9,017	2,481	2,506	242	3,273	3,444
2nd quarter ..	11,629	17,273	8,832	2,510	2,358	188	3,385	3,414
3rd quarter ..	11,786	17,501	8,923	2,538	2,504	102	3,434	3,490
4th quarter ..	11,606	17,423	8,923	2,566	2,485	95	3,354	3,562
1974 1st quarter ..	11,429	17,208	8,871	2,547	2,522	—218	3,486	3,538
2nd quarter(¹)			(8,770)				(3,565)	(3,508)
3rd quarter ..								
4th quarter ..								

† Income data deflated by the price index implied by estimates based on expenditure data.

(¹) The figures in brackets are preliminary estimates and are partially forecast, being based on incomplete data. At this stage, estimates of the latest quarterly changes are expected to differ on average by about £30 million (consumers' expenditure) and about £10 million (exports and imports) from the quarterly estimates subsequently published in the national income and expenditure article. For consumers' expenditure in the second quarter the article will incorporate the annual updating of seasonal adjustment and revisions to series, the difference in the estimate of change for this quarter may thus be larger.

Personal disposable income, spending and borrowing

The monetary resources at the disposal of consumers consist of their disposable income *plus* their borrowing *e.g.* through increases in hire purchase debt. Much of this borrowing is for the purchase of consumer durables.



£ million, current prices, seasonally adjusted

	Personal disposable income	Consumers' expenditure		Changes in hire purchase and other instalment debt (²)
		Total	Durable goods(¹)	
1970 1st quarter	8,160	7,555	535	+ 10
2nd quarter	8,546	7,772	573	+ 24
3rd quarter	8,756	7,957	591	+ 20
4th quarter	8,913	8,120	623	+ 30
1971 1st quarter	9,091	8,248	639	+ 13
2nd quarter	9,372	8,630	684	+ 37
3rd quarter	9,667	8,920	806	+107
4th quarter	9,917	9,102	814	+ 83
1972 1st quarter	10,076	9,360	782	+ 87
2nd quarter	10,827	9,673	878	+108
3rd quarter	10,894	9,998	949	+123
4th quarter	11,498	10,411	1,007	+106
1973 1st quarter	11,822	10,932	1,063	+176
2nd quarter	12,366	10,942	948	+ 80
3rd quarter	12,574	11,296	1,039	+109
4th quarter	12,954	11,564	994	+ 73
1974 1st quarter	13,173	11,947	903	— 68
2nd quarter				— 49
3rd quarter				
4th quarter				

(¹) Cars, motor cycles and durable household goods. (²) See footnote (²) on page 4.

Consumers' expenditure

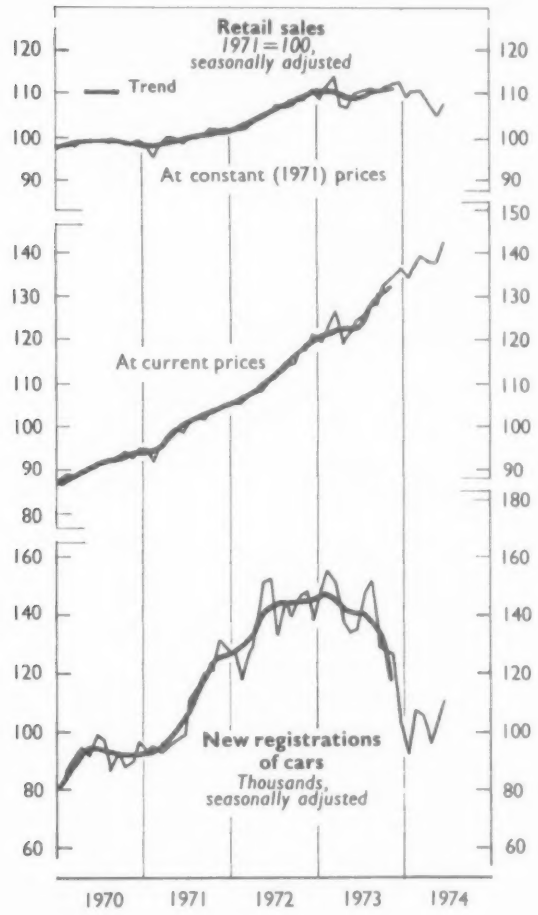
£ million, 1970 prices, seasonally adjusted

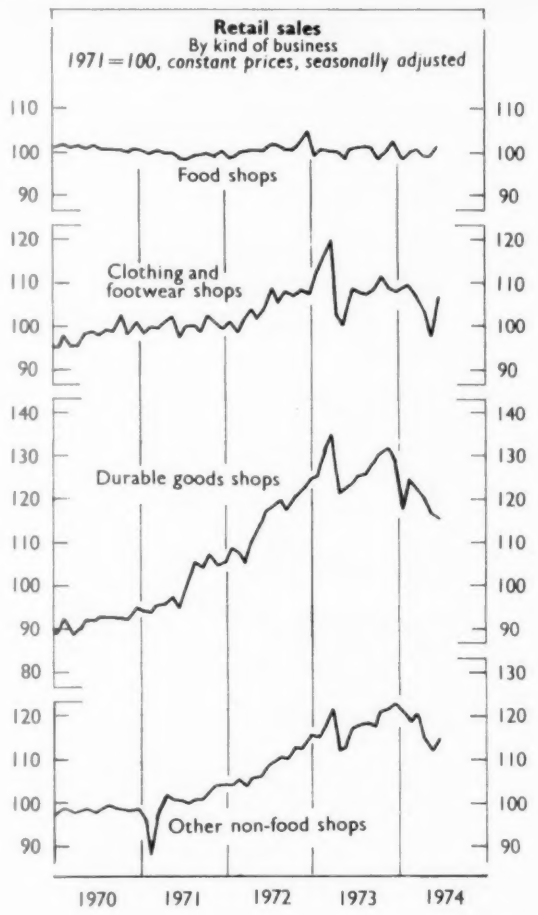
		Food, drink and tobacco	Housing, fuel and light	Clothing, including footwear	Durable household goods	Cars and motor cycles
1970	1st quarter	2,540	1,410	653	331	227
	2nd quarter	2,587	1,402	666	336	244
	3rd quarter	2,647	1,405	670	344	239
	4th quarter	2,622	1,411	677	342	259
1971	1st quarter	2,600	1,407	653	340	268
	2nd quarter	2,620	1,429	681	347	288
	3rd quarter	2,635	1,420	668	378	363
	4th quarter	2,634	1,433	682	384	362
1972	1st quarter	2,711	1,414	697	396	324
	2nd quarter	2,686	1,454	692	415	381
	3rd quarter	2,656	1,473	732	433	417
	4th quarter	2,689	1,466	735	445	437
1973	1st quarter	2,788	1,459	797	488	438
	2nd quarter	2,826	1,470	727	442	384
	3rd quarter	2,837	1,472	735	458	427
	4th quarter	2,857	1,480	741	469	360
1974	1st quarter	2,890	1,457	752	441	292
	2nd quarter(1)	(2,803)	(1,512)	717	402	(330)
	3rd quarter					
	4th quarter					

(1) The figures in brackets are estimates and are partially forecast, being based on incomplete data. See footnote (1) on page 8.

Retail sales, new registrations of cars (Great Britain)

Retail sales cover about half of consumers' expenditure; purchases of new cars are a relatively small but volatile element in expenditure.



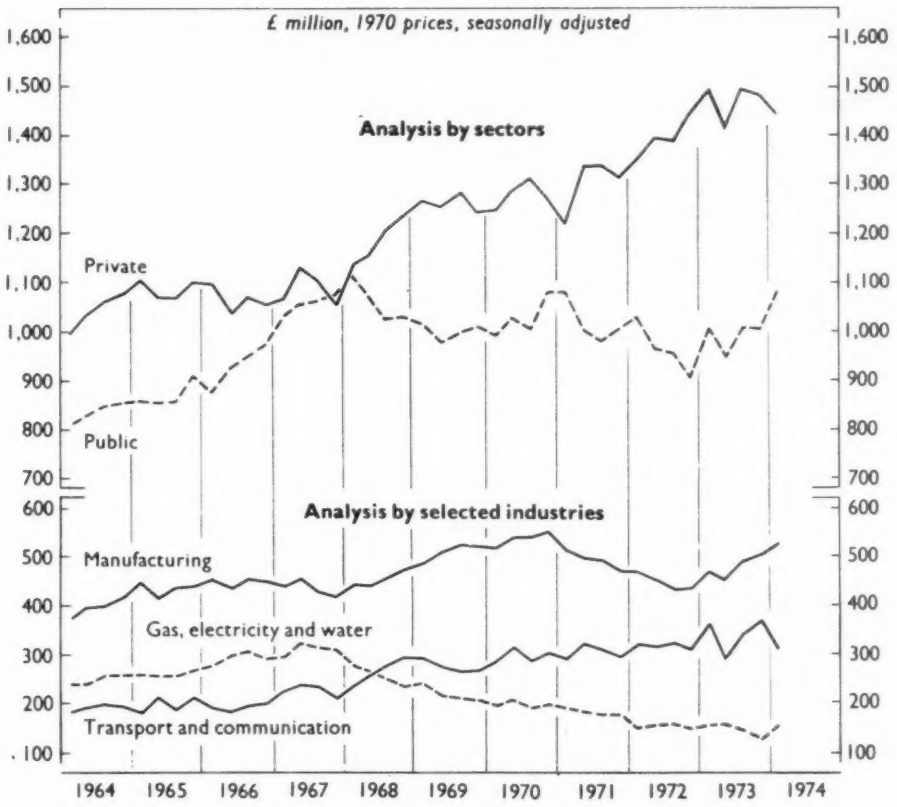


Seasonally adjusted

	Index numbers of retail sales Weekly average 1971=100						New registrations of cars §
	Total § (1)	Food shops § (1)	Clothing and footwear shops §	Durable goods shops §	Other non-food shops §	Total § (1)	
	At constant prices					At current prices	Thousands
Estimated sales in 1971 (£ million)	*15,895*	*6,693*	*2,314*	*1,801*	*5,087*	*15,895*	
1972 1st quarter	102·1	99·7	100	107	104	106·0	372
2nd quarter	104·6	101·0	104	114	107	109·1	440
3rd quarter	107·2	101·9	108	118	110	113·9	419
4th quarter	109·5	103·3	107	122	114	118·9	433
1973 1st quarter	111·8	100·5	116	131	118	123·6	455
2nd quarter	108·0	100·5	104	122	115	121·7	407
3rd quarter	110·5	101·6	108	127	118	127·6	429
4th quarter	112·3	101·4	109	130	122	134·7	356
1974 1st quarter	110·1	100·0	108	122	120	136·9	308
2nd quarter	107·2	100·4	103	118	114	140·0	312
3rd quarter							
4th quarter							
April	107·9	99·9	104	121	116	138·4	96
May	105·4	99·6	98	117	112	138·0	105
June	108·1	101·5	107	116	115	142·8	111

(1) These indices are given to one decimal place, but this does not imply that they can be regarded as accurate to the last digit shown.

Fixed investment



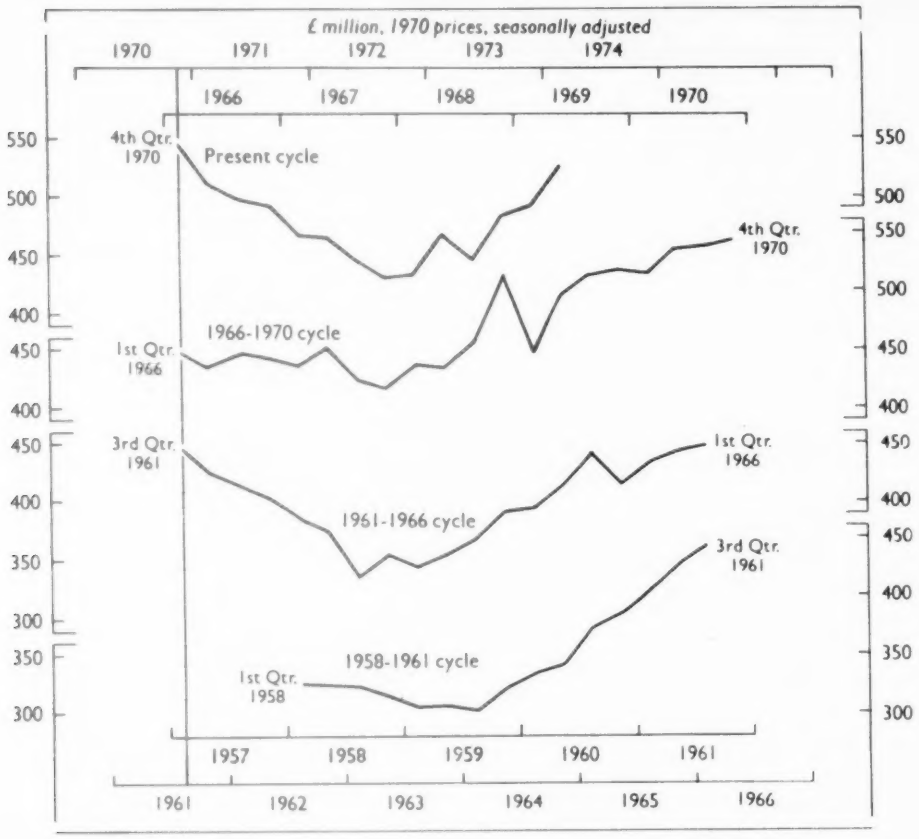
The investment cycle occurs mainly in manufacturing industry.

£ million, 1970 prices, seasonally adjusted

	Sectors		Selected industries		
	Private	Public	Manufacturing §	Gas, electricity and water	Transport and communication
1970 1st quarter	1,246	990	515	198	281
2nd quarter	1,290	1,027	534	201	311
3rd quarter	1,315	1,003	538	186	287
4th quarter	1,273	1,079	542	198	301
1971 1st quarter	1,220	1,079	511	186	291
2nd quarter	1,331	1,001	498	180	321
3rd quarter	1,337	981	491	178	308
4th quarter	1,312	1,008	468	177	294
1972 1st quarter	1,344	1,025	466	150	320
2nd quarter	1,396	962	447	157	318
3rd quarter	1,389	957	430	156	321
4th quarter	1,449	907	432	145	309
1973 1st quarter	1,499	1,007	466	153	360
2nd quarter	1,412	946	448	156	290
3rd quarter	1,497	1,007	485	141	347
4th quarter	1,483	1,002	501	127	369
1974 1st quarter	1,443	1,079	525	149	313
2nd quarter					
3rd quarter					
4th quarter					

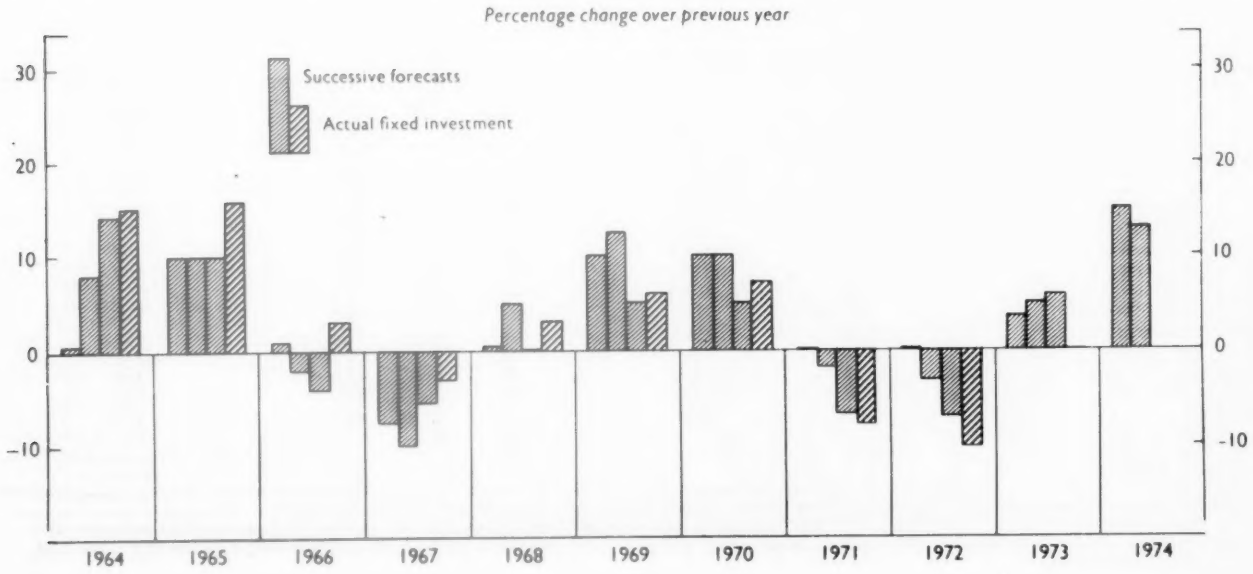
Fixed investment

Present and previous cycles of fixed investment in manufacturing industry

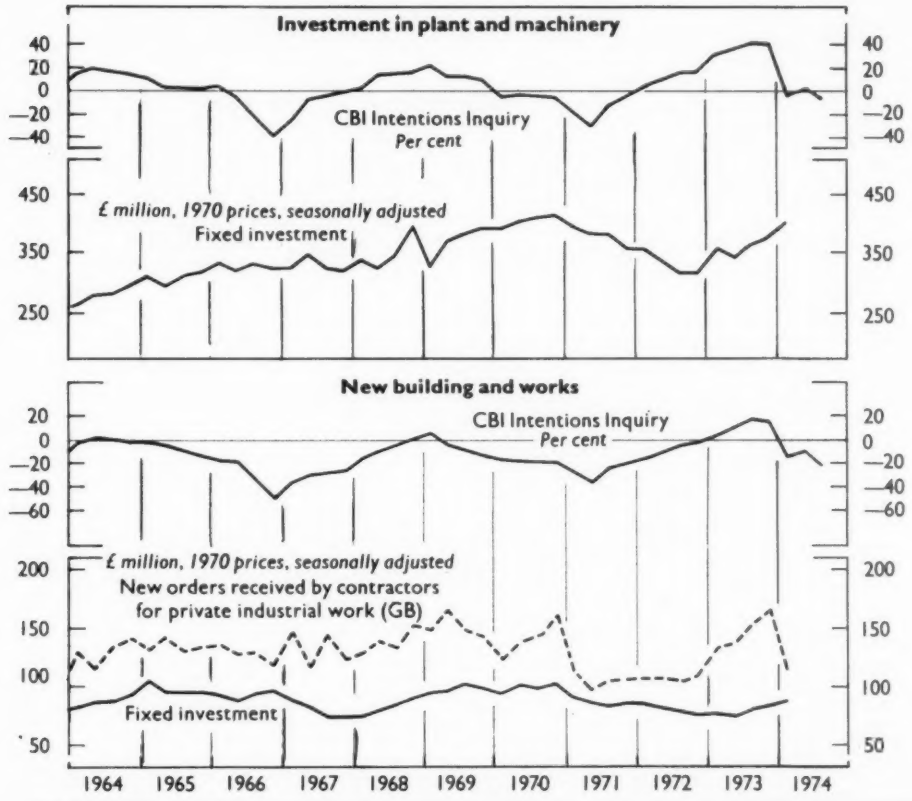


Department of Industry inquiry into investment intentions in manufacturing industry

For each year there have usually been three successive forecasts: the first in the preceding summer, the second at the end of the previous year and the third in the summer of the year concerned. Changes for the years before 1966 are in terms of current prices; those for later years are expressed in volume terms, after making an approximate allowance for price changes.



Other forward-looking indicators of fixed investment by manufacturing industry

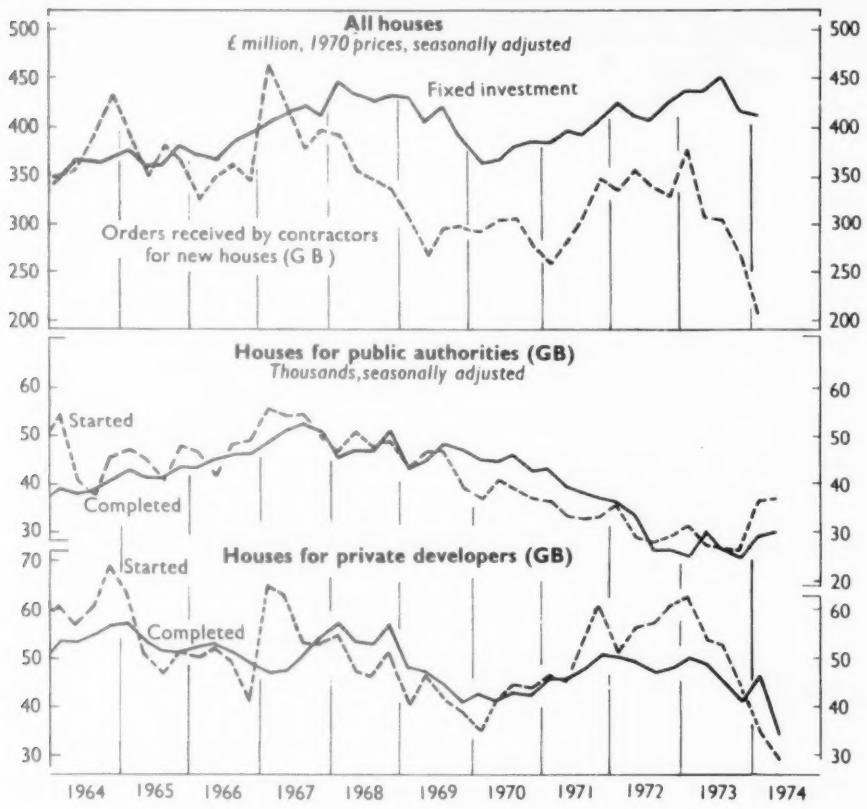


Turning points in the CBI intentions inquiry and in the value of orders received by contractors for private industrial work anticipate turning points in fixed investment.

	Plant and machinery in manufacturing industry		New building and works in manufacturing industry		New orders received by contractors for private industrial work (GB) (3)
	CBI Intentions Inquiry	Fixed investment	CBI Intentions Inquiry	Fixed investment	
	Per cent (1)	£ million, 1970 prices, seasonally adjusted	Per cent (1)	£ million, 1970 prices, seasonally adjusted	
1970 1st quarter	— 5	391·6	—18	93·8	123
2nd quarter	— 3	404·9	—20	100·0	138
3rd quarter	..	410·5	..	98·4	143
4th quarter	— 8	412·4	—21	101·2	160
1971 1st quarter	(2)	393·9	(2)	90·4	112
2nd quarter	—31	384·4	—37	86·8	99
3rd quarter	—13	381·9	—25	82·4	103
4th quarter	..	355·0	..	85·1	104
1972 1st quarter	3	353·7	—17	83·4	108
2nd quarter	9	335·3	—11	81·0	108
3rd quarter	16	318·3	— 4	79·2	105
4th quarter	17	319·9	— 2	75·3	110
1973 1st quarter	30	356·5	4	77·6	132
2nd quarter	35	342·8	11	73·5	136
3rd quarter	39	367·5	18	82·0	154
4th quarter	38	371·9	16	83·2	166
1974 1st quarter	— 3	399·9	—15	88·5	114
2nd quarter	2		—10		
3rd quarter	— 6		—22		
4th quarter					

(1) Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
Figures relate to Inquiries in February, June and October of each year until 1972, when they are held in the first month of each quarter.
(2) No Inquiry was held in February 1971 because of the postal strike. (3) This series has been revised following a review of the seasonal adjustment process.

Forward-looking indicators of fixed investment in dwellings

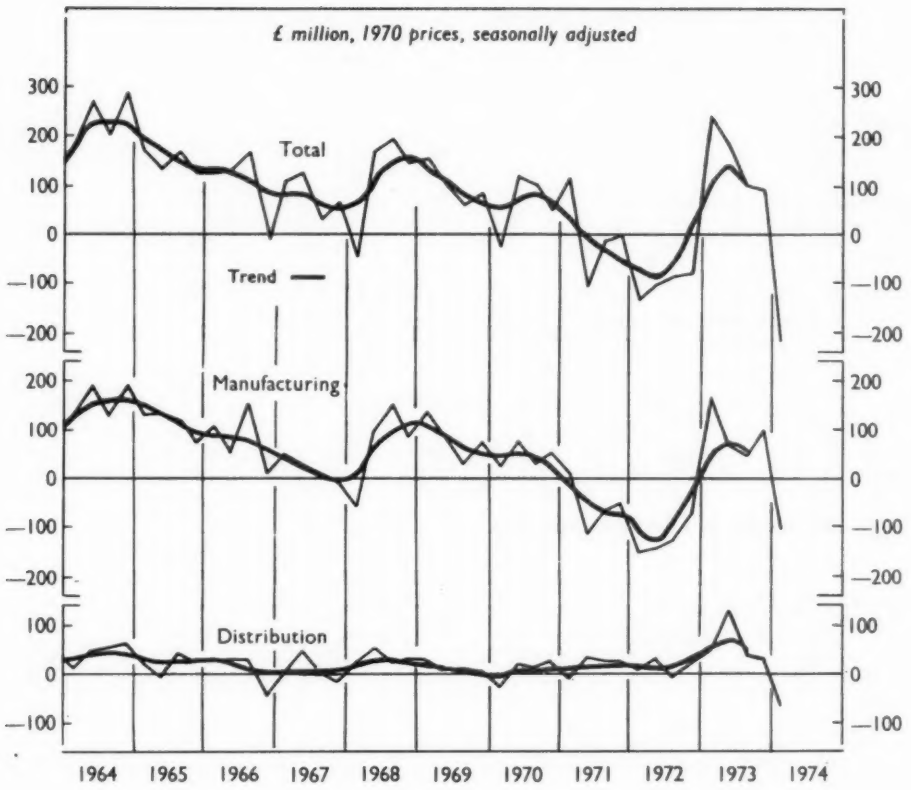


Seasonally adjusted

	Orders received by contractors for new houses (GB) (1)	Fixed investment in dwellings	Houses for public authorities (GB) §		Houses for private developers (GB) §	
			Started	Completed	Started	Completed
	£ million, 1970 prices		Thousands			
1970 1st quarter	290	366	36·2	45·7	35·0	42·6
2nd quarter	302	369	40·5	45·2	41·9	41·2
3rd quarter	304	382	40·0	46·3	44·2	43·7
4th quarter	277	386	37·4	42·9	44·0	42·8
1971 1st quarter	257	385	36·4	43·6	46·5	46·0
2nd quarter	281	397	33·4	39·5	45·8	46·0
3rd quarter	306	392	33·1	38·3	53·8	48·5
4th quarter	347	407	33·7	37·5	61·2	51·1
1972 1st quarter	334	426	36·0	36·4	51·9	50·5
2nd quarter	353	410	28·9	33·5	57·0	49·8
3rd quarter	337	406	28·2	26·4	57·4	47·9
4th quarter	328	427	29·9	26·5	61·1	48·1
1973 1st quarter	375	436	31·6	25·5	62·8	50·7
2nd quarter	306	436	27·5	30·2	54·9	48·7
3rd quarter	304	449	27·2	26·8	53·0	45·0
4th quarter	263	417	26·5	25·0	44·2	41·7
1974 1st quarter	205	412	36·4	29·3	34·3	46·6
2nd quarter(2)			37·0	30·0	29·0	34·0
3rd quarter						
4th quarter						

(1) This series has been revised following a review of the seasonal adjustment process.
(2) Provisional.

Stock changes



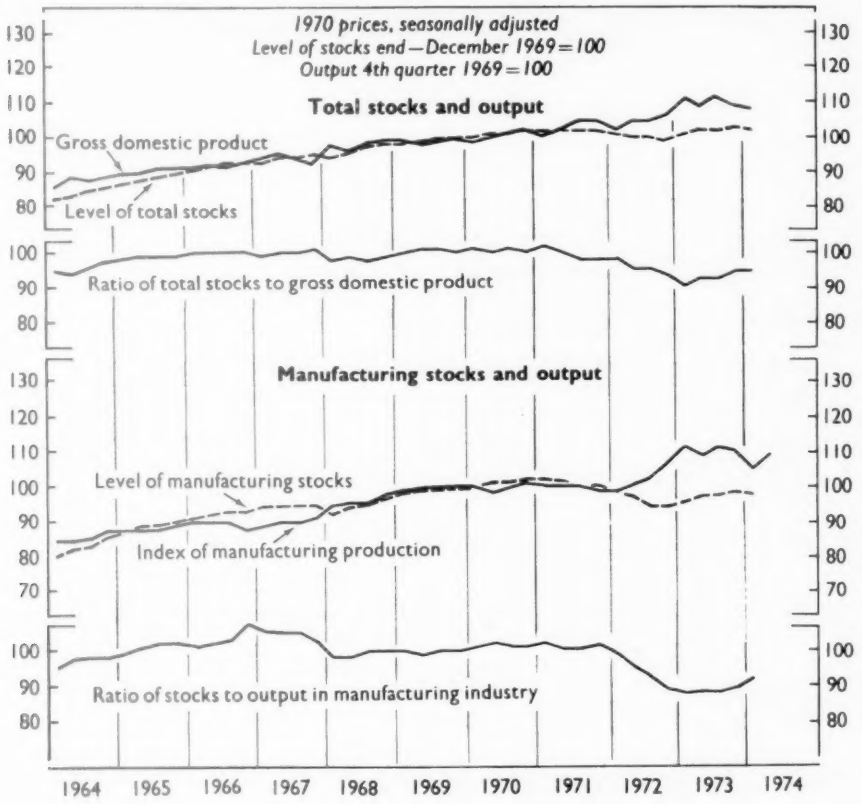
Stock changes are the value of physical increase or decrease of stocks and work in progress at constant prices, for the whole economy, for manufacturing and for wholesale and retail distribution.

£ million, 1970 prices, seasonally adjusted

	Total §	Manufacturing §	Distribution
1970 1st quarter	— 21	22	—26
2nd quarter	125	76	20
3rd quarter	106	26	13
4th quarter	47	51	23
1971 1st quarter	114	10	— 8
2nd quarter	—103	—113	33
3rd quarter	— 18	— 68	24
4th quarter	—	— 47	24
1972 1st quarter	—131	—156	6
2nd quarter	—100	—145	28
3rd quarter	— 83	—125	— 4
4th quarter	— 80	— 72	20
1973 1st quarter	242	163	49
2nd quarter	188	66	138
3rd quarter	102	46	40
4th quarter	95	99	38
1974 1st quarter	—218	—105	—62
2nd quarter			
3rd quarter			
4th quarter			

Relationship of stocks and output (stock/output ratios)

The level of stocks rises broadly with the level of output but the stock cycle lags behind the output cycle; the ratio of stocks to output therefore fluctuates: stocks are sometimes high in relation to output, sometimes low.

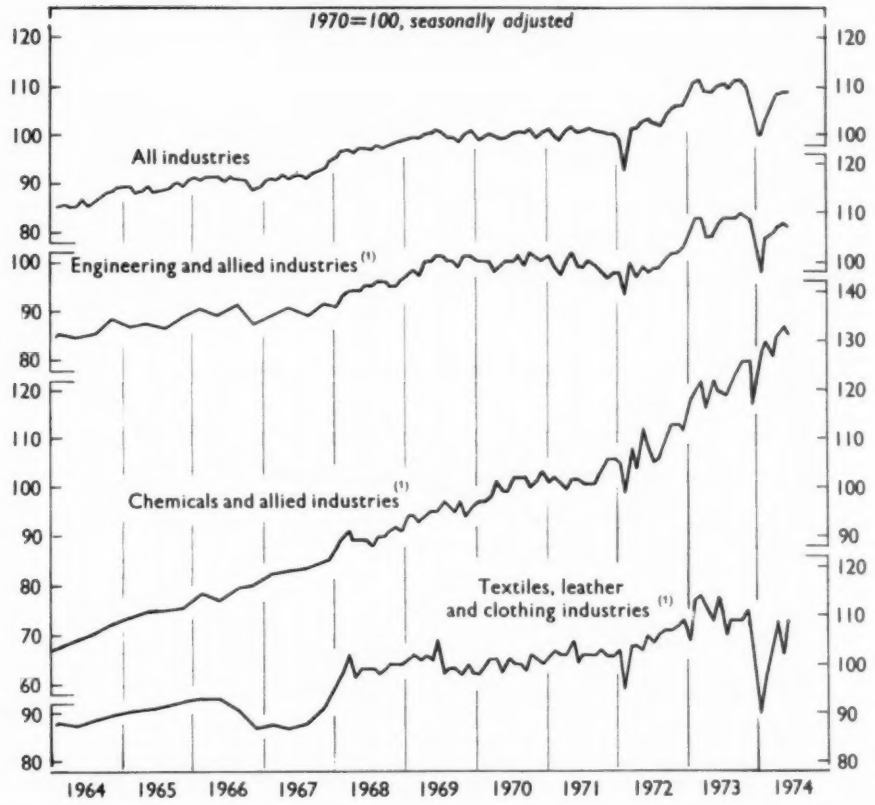


1970 prices, seasonally adjusted { Level of stocks end-Dec. 1969 = 100 / Output 4th quarter 1969 = 100

	Level of total stocks	Gross domestic product (1)	Ratio of total stocks to gross domestic product	Level of manufacturing stocks	Index of manufacturing production	Ratio of stocks to output in manufacturing industry
1970 1st quarter	100	99	101	100	100	101
2nd quarter	101	100	100	101	99	102
3rd quarter	101	101	101	101	100	101
4th quarter	102	102	100	102	101	101
1971 1st quarter	102	100	102	102	100	102
2nd quarter	102	102	100	101	100	100
3rd quarter	102	104	98	100	100	100
4th quarter	102	104	98	100	99	101
1972 1st quarter	101	103	98	98	99	99
2nd quarter	100	104	96	97	101	95
3rd quarter	100	104	96	95	102	93
4th quarter	99	106	94	95	106	89
1973 1st quarter	101	111	91	96	111	87
2nd quarter	102	109	93	97	109	88
3rd quarter	102	111	93	97	111	88
4th quarter	103	109	95	98	110	89
1974 1st quarter	102	107	95	97	105	92
2nd quarter					109	
3rd quarter						
4th quarter						

(1) Based on expenditure data.

Index of industrial production



The index of industrial production covers about half of the gross domestic product.

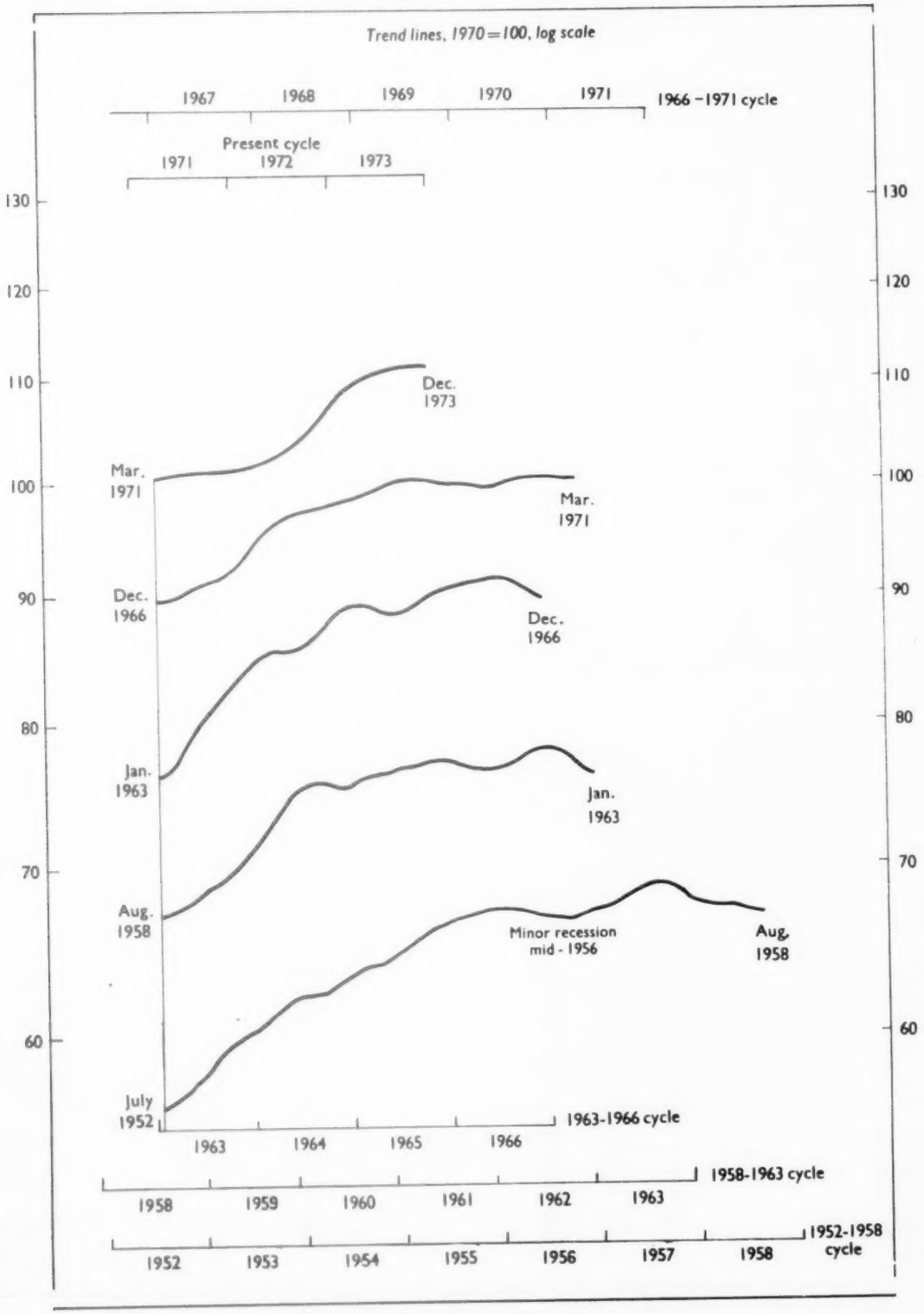
1970 = 100, seasonally adjusted

		All industries §	Manufacturing industries §		
			Engineering and allied industries	Chemicals and allied industries	Textiles, leather and clothing industries
	Weights	*1,000*	*319*	*58*	*76*
1972	April	101·6	97	104	104
	May	103·1	99	112	103
	June	103·6	98	108	106
	July	102·3	99	105	105
	August	102·1	99	106	106
	September	104·5	101	111	107
	October	105·6	102	113	107
	November	106·1	102	113	108
	December	106·1	103	112	109
1973	January	108·6	106	118	105
	February	110·8	109	120	113
	March	111·8	109	122	114
	April	109·1	105	116	112
	May	109·0	105	122	109
	June	110·1	107	120	114
	July	110·4	109	119	106
	August	109·7	109	120	109
	September	110·8	109	124	109
	October	111·3	110	126	109
	November	110·1	109	126	111
	December	106·3	105	117	105
1974	January	100·0	98	128	90
	February	102·9	105	130	98
	March	106·1	106	127	105
	April	108·5	107	131	109
	May	108·7	108	133	102
	June	108·7	107	131	109

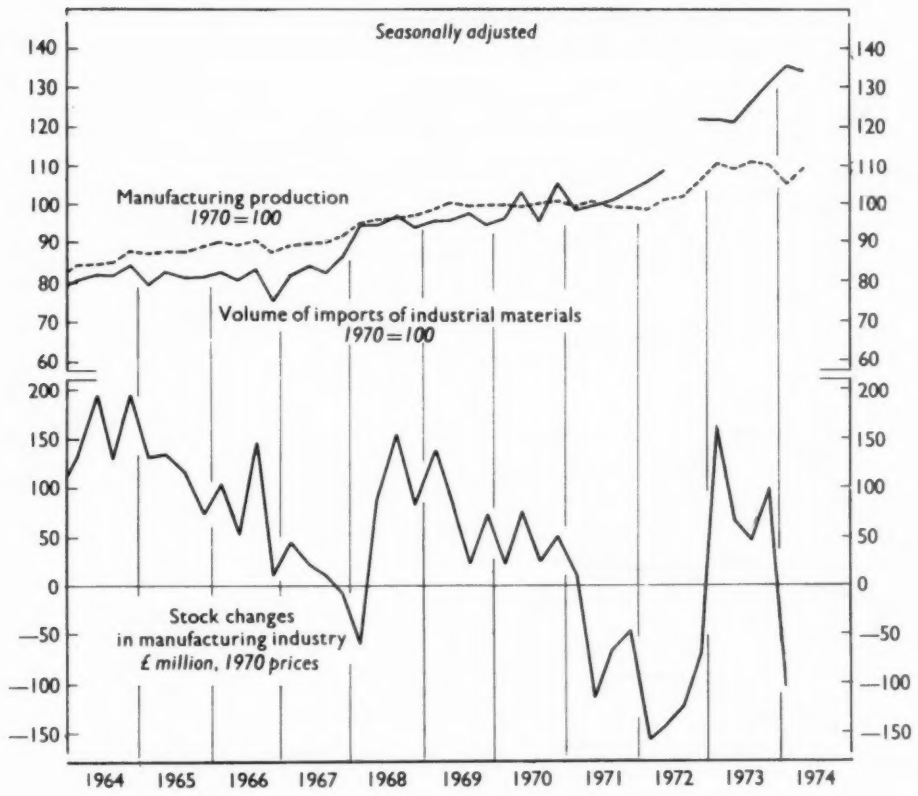
(1) Quarterly data only before 1968.

Cycles of industrial production

This chart shows cycles in the index of production (all industries).



Changes in stocks, manufacturing production and imports of industrial materials



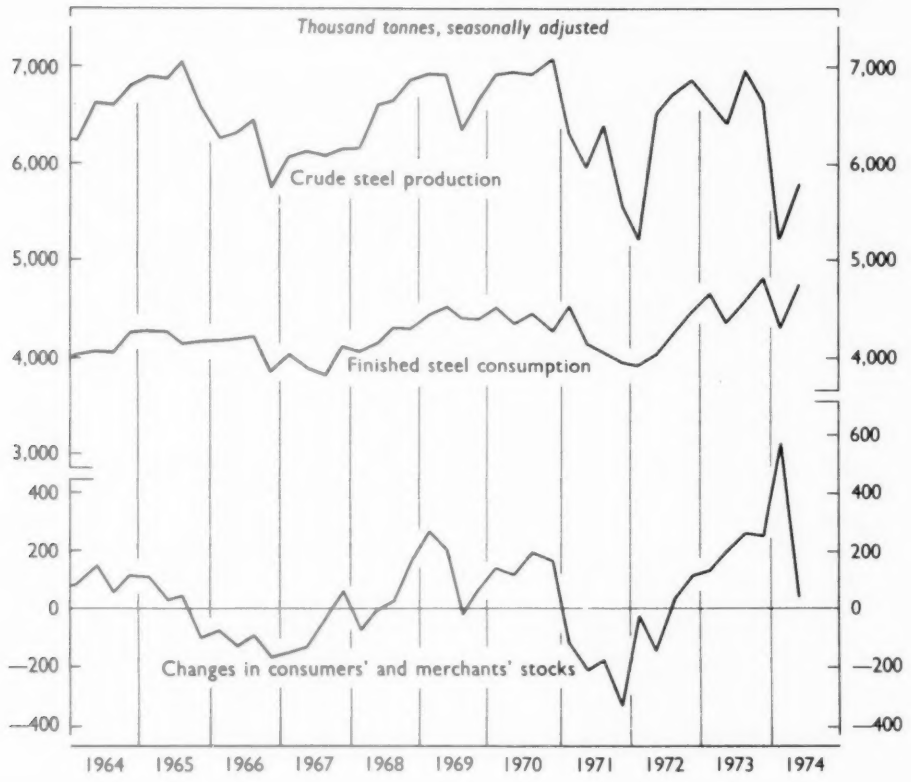
Imports of industrial materials rise or fall with rising or falling manufacturing production and stockbuilding.

Seasonally adjusted

	Volume of imports of industrial materials (1)	Manufacturing industry	
		Production	Stock changes
	1970 = 100		£ million, 1970 prices
1970 1st quarter	96	100	22
2nd quarter	103	99	76
3rd quarter	95	100	26
4th quarter	106	101	51
1971 1st quarter	98	100	10
2nd quarter	100	100	—113
3rd quarter	100	100	— 68
4th quarter	104	99	— 47
1972 1st quarter	105	99	—156
2nd quarter	108	101	—145
3rd quarter	(2)	102	—125
4th quarter	122	106	— 72
1973 1st quarter	122	111	163
2nd quarter	121	109	66
3rd quarter	127	111	46
4th quarter	131	110	99
1974 1st quarter	135	105	—105
2nd quarter	135	109	
3rd quarter			
4th quarter			

(1) Basic materials and semi-finished manufactures. (2) Not available, affected by the dock strike.

Steel



Thousand tonnes, seasonally adjusted

	Crude steel production §	Finished steel consumption(1)	Changes in consumers' and merchants' stocks(1)
1970 1st quarter	6,911	4,514	+142
2nd quarter	6,949	4,364	+123
3rd quarter	6,918	4,463	+193
4th quarter	7,091	4,296	+166
1971 1st quarter	6,325	4,520	—118
2nd quarter	5,976	4,158	—214
3rd quarter	6,412	4,067	—180
4th quarter	5,560	3,977	—327
1972 1st quarter	5,228	3,933	— 27
2nd quarter	6,520	4,043	—145
3rd quarter	6,731	4,275	+ 36
4th quarter	6,875	4,499	+116
1973 1st quarter	6,674	4,667	+135
2nd quarter	6,418	4,368	+203
3rd quarter	6,963	4,599	+263
4th quarter	6,649	4,811	+258
1974 1st quarter	5,233	4,314	+578
2nd quarter	5,800	4,767	+ 51
3rd quarter			
4th quarter			

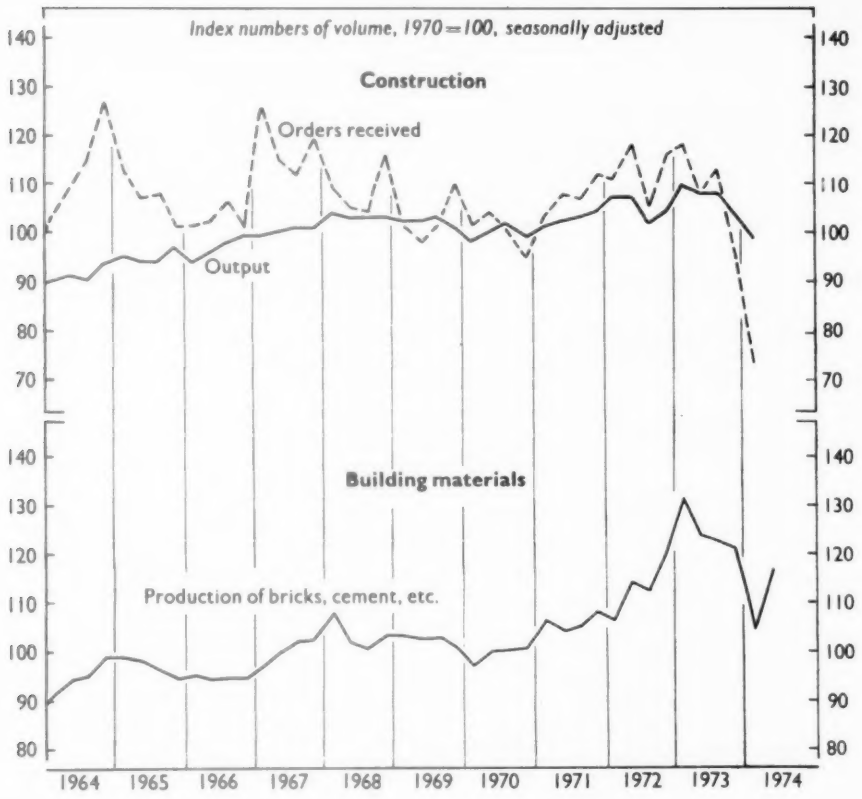
(1) From 1st quarter 1971 includes welded tubes, over 400mm internal diameter, previously excluded.

Motor vehicle production

Thousands, seasonally adjusted

	Passenger cars			Commercial vehicles §
	Total	For home market §	For export §	Total
1970 1st quarter	407·8	223·2	184·6	109·1
2nd quarter	418·8	236·3	182·5	121·0
3rd quarter	346·9	196·2	150·7	93·6
4th quarter	467·4	262·4	205·0	133·8
1971 1st quarter	395·2	210·8	184·4	101·1
2nd quarter	428·9	240·7	188·2	123·6
3rd quarter	436·6	262·0	174·6	117·5
4th quarter	481·2	313·9	167·3	113·9
1972 1st quarter	439·5	290·3	149·2	92·0
2nd quarter	480·5	323·6	156·9	104·0
3rd quarter	491·8	345·0	146·8	100·7
4th quarter	509·5	349·0	160·5	111·4
1973 1st quarter	437·7	297·5	140·2	102·1
2nd quarter	417·3	272·3	145·0	101·4
3rd quarter	444·4	292·3	152·1	112·5
4th quarter	447·9	280·1	167·8	100·7
1974 1st quarter	355·8	222·8	133·0	86·5
2nd quarter	415·2	260·2	155·0	101·7
3rd quarter				
4th quarter				

Construction industry

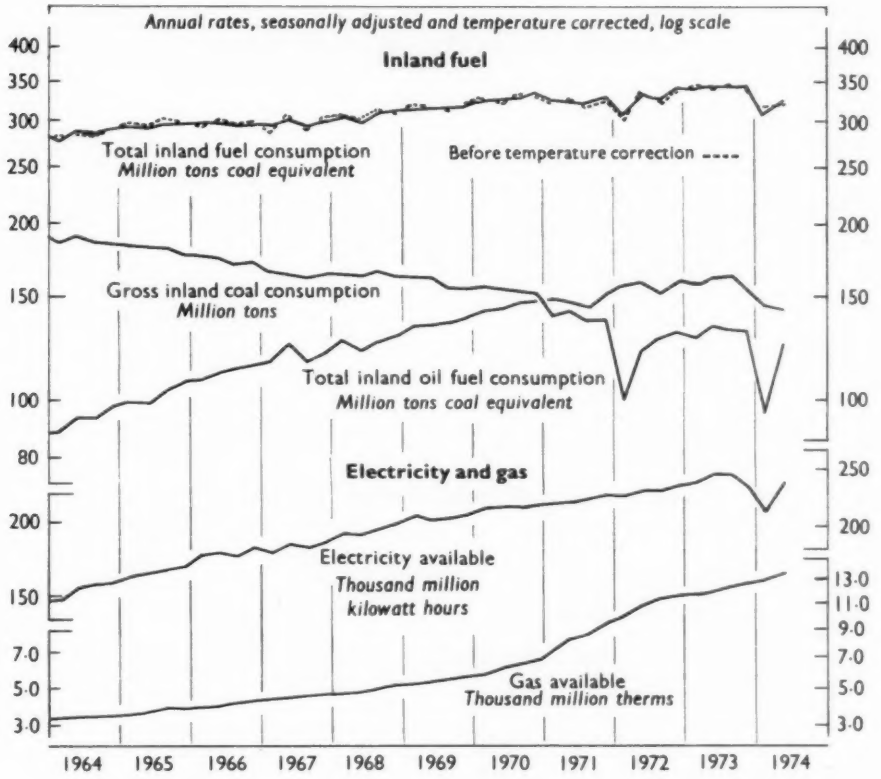


Index numbers of volume, 1970 = 100, seasonally adjusted

	Construction		Production of bricks, cement, etc.(1)
	Output(2) §	Orders received (3)	
1970 1st quarter	98	101	98
2nd quarter	100	104	100
3rd quarter	102	101	101
4th quarter	99	95	101
1971 1st quarter	101	103	107
2nd quarter	102	108	105
3rd quarter	103	107	106
4th quarter	104	112	108
1972 1st quarter	107	111	107
2nd quarter	107	118	114
3rd quarter	102	105	112
4th quarter	104	116	121
1973 1st quarter	110	118	132
2nd quarter	108	108	124
3rd quarter	108	113	123
4th quarter	104	96	122
1974 1st quarter	99	73	105
2nd quarter			117
3rd quarter			
4th quarter			

(1) Index of industrial production series.
(2) Construction output figures include repair and maintenance, direct labour of public sector and estimates of unrecorded output by small firms and self-employed workers.
(3) This series has been revised following a review of the seasonal adjustment process.

Inland fuel and power consumption

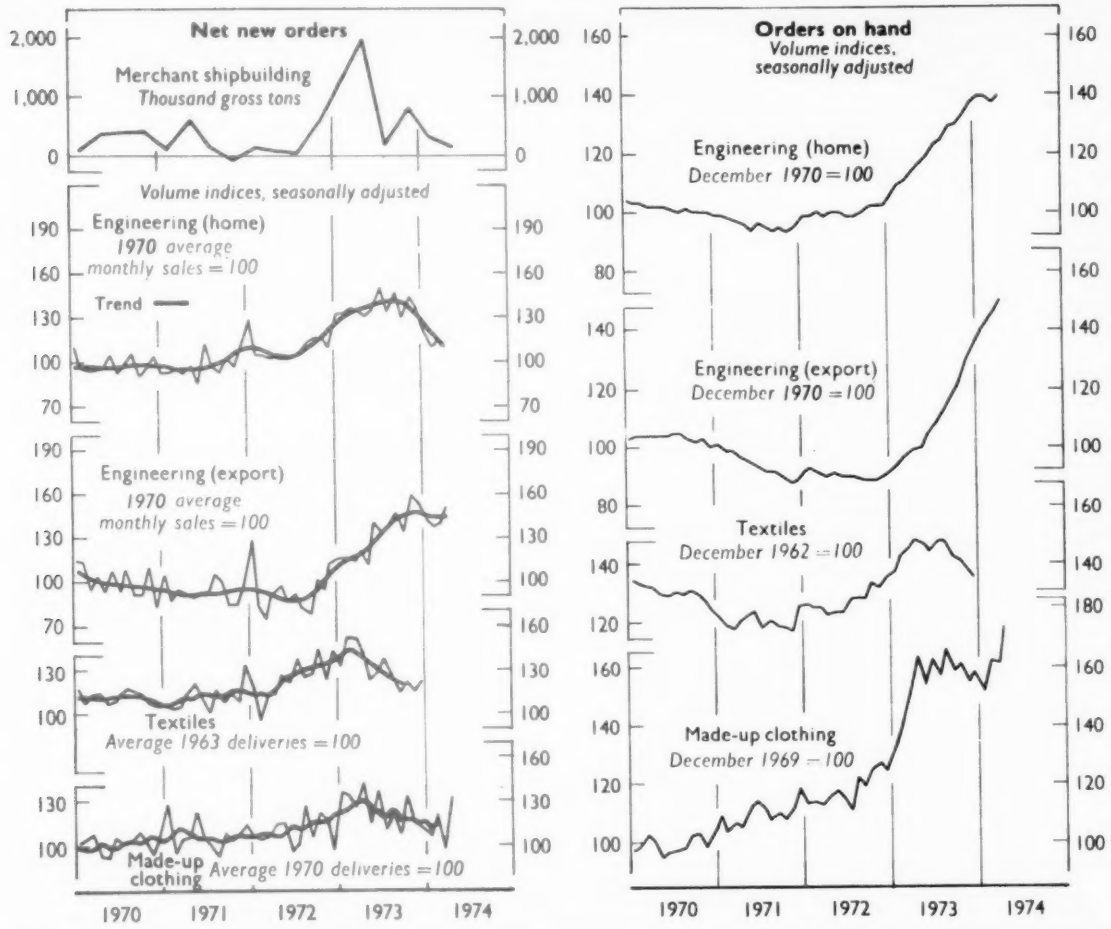


Annual rates, seasonally adjusted and temperature corrected

	Total inland fuel consumption (1)	Gross inland coal consumption	Total inland oil fuel consumption	Electricity available (2) (GB)	Gas available (3) (GB)
	Million tons coal equivalent	Million tons	Million tons coal equivalent	Th. million kilowatt hours	Thousand million therms
1970 1st quarter ..	322·9	157·1	141·1	212·7	5·88
2nd quarter ..	325·6	154·9	143·5	213·4	6·17
3rd quarter ..	329·6	153·2	148·8	213·3	6·43
4th quarter ..	333·1	151·5	149·2	215·2	6·73
1971 1st quarter ..	324·3	140·3	149·3	217·0	7·33
2nd quarter ..	323·9	140·7	147·8	218·3	8·01
3rd quarter ..	319·9	137·6	144·3	220·1	8·52
4th quarter ..	329·5	137·6	150·9	223·3	9·15
1972 1st quarter ..	308·6	101·9	157·9	222·4	9·98
2nd quarter ..	330·7	122·2	159·0	227·8	10·70
3rd quarter ..	328·8	128·9	152·6	228·3	11·18
4th quarter ..	341·6	130·6	160·5	233·8	11·42
1973 1st quarter ..	339·8	129·6	158·8	237·8	11·51
2nd quarter ..	344·1	134·2	162·1	244·8	11·69
3rd quarter ..	343·2	132·0	162·7	243·5	12·08
4th quarter ..	343·9	131·1	154·9	232·6	12·51
1974 1st quarter ..	307·0	95·6	145·3	211·3	12·84
2nd quarter ..	322·9	124·1	143·4	236·3	13·21
3rd quarter ..					
4th quarter ..					

(1) Includes consumption of nuclear energy. (2) The inclusion of Northern Ireland would add about 2% to the total. (3) The inclusion of Northern Ireland would add about 0·5% to the total.

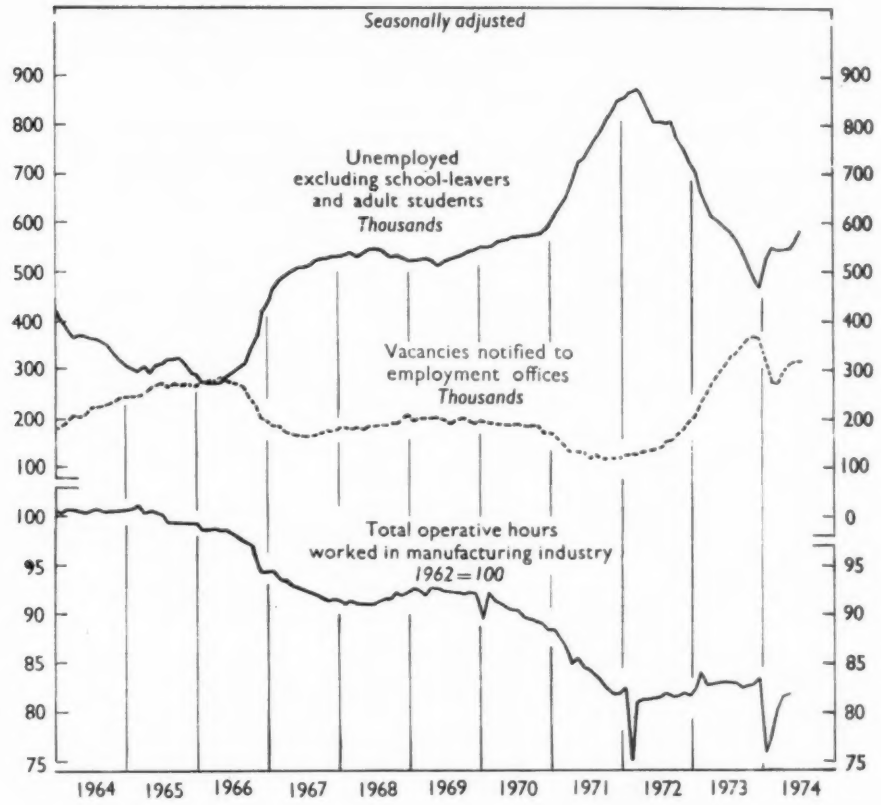
Orders: selected manufacturing industries



	Engineering industries (1)				Textiles industry		Made-up clothing industry		Merchant shipbuilding
	Home market		Export						
	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Net new orders
	Dec.1970=100	1970 average monthly sales=100	Dec.1970=100	1970 average monthly sales=100	Dec.1962=100	Average 1963 deliveries=100	Dec.1969=100	Average 1970 deliveries=100	Thousand gross tons
	Seasonally adjusted								
1972 1st qtr. ..	100	112	91	96	125	110	113	105	143
2nd qtr...	100	104	90	92	124	120	116	110	72
3rd qtr...	100	108	89	84	128	131	120	112	22
4th qtr...	103	114	90	103	135	138	125	113	585
1973 1st qtr. ..	111	134	97	116	145	146	153	131	1,293
2nd qtr...	119	134	105	124	145	132	163	131	1,992
3rd qtr...	129	143	117	139	143	127	160	113	243
4th qtr...	137	137	133	149	135	120	157	119	829
1974 1st qtr. ..	137	112	146	140			162	109	254
2nd qtr...									146
3rd qtr...									
4th qtr...									
1974 January ..	139	122	139	143			152	108	
February	139	111	142	138			162	120	
March ..	137	115	146	140			162	99	
April ..	139	110	150	151			174	131	

(1) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX). **Rebased series.**

Unemployment and unfilled vacancies, hours worked
Great Britain

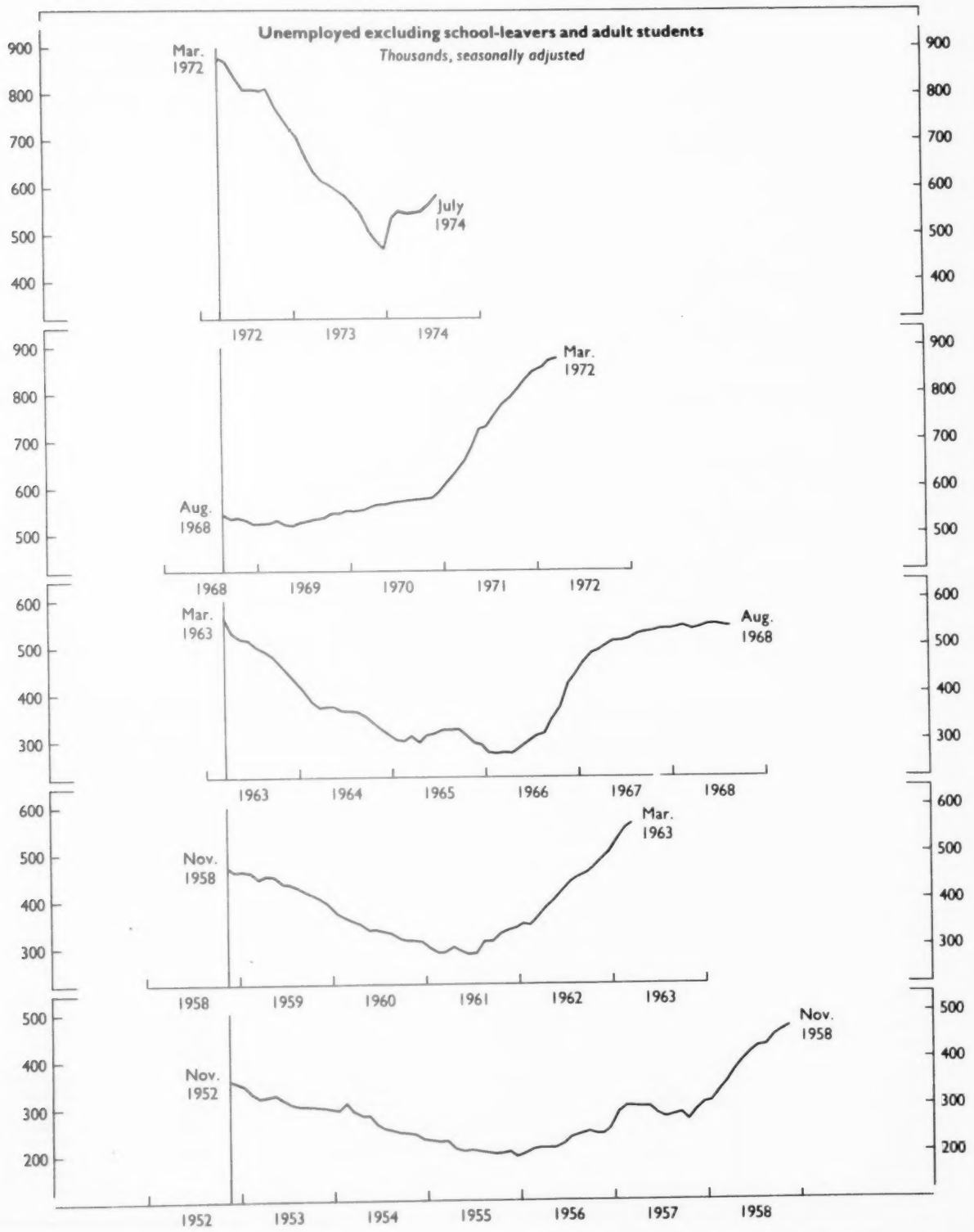


	Unemployed excluding school-leavers and adult students			Vacancies notified to employment offices §		Total operative hours worked in manufacturing industry
	Total §		Production industries			
	Actual	Seasonally adjusted	Actual	Actual	Seasonally adjusted	1962=100 Seasonally adjusted
	Thousands					
1972 July	756	809	405	153	140	81·6
August	772	806	407	154	149	81·9
September	781	809	411	158	153	81·7
October	766	776	390	166	164	81·8
November	757	752	374	174	179	82·0
December	733	721	361	180	193	81·8
1973 January	760	702	376	185	203	82·4
February	711	663	348	219	230	84·1
March	678	635	331	244	252	82·8
April	644	616	313	273	271	82·9
May	588	605	289	301	291	83·1
June	541	593	268	323	304	83·1
July	528	581	257	337	324	83·0
August	530	563	256	335	330	83·0
September	514	542	246	353	349	82·6
October	502	512	235	365	363	82·8
November	491	486	228	363	368	82·9
December	483	470	229	348	362	83·5
1974 January	593	535	292	285	304	76·0
February	596	549	297	267	278	77·7
March	588	545	295	267	274	80·3
April	574	546	283	298	297	81·7
May	530	548	264	324	314	82·0
June	509	561	255	336	317	
July	528	582	259	330	317	
August						
September						

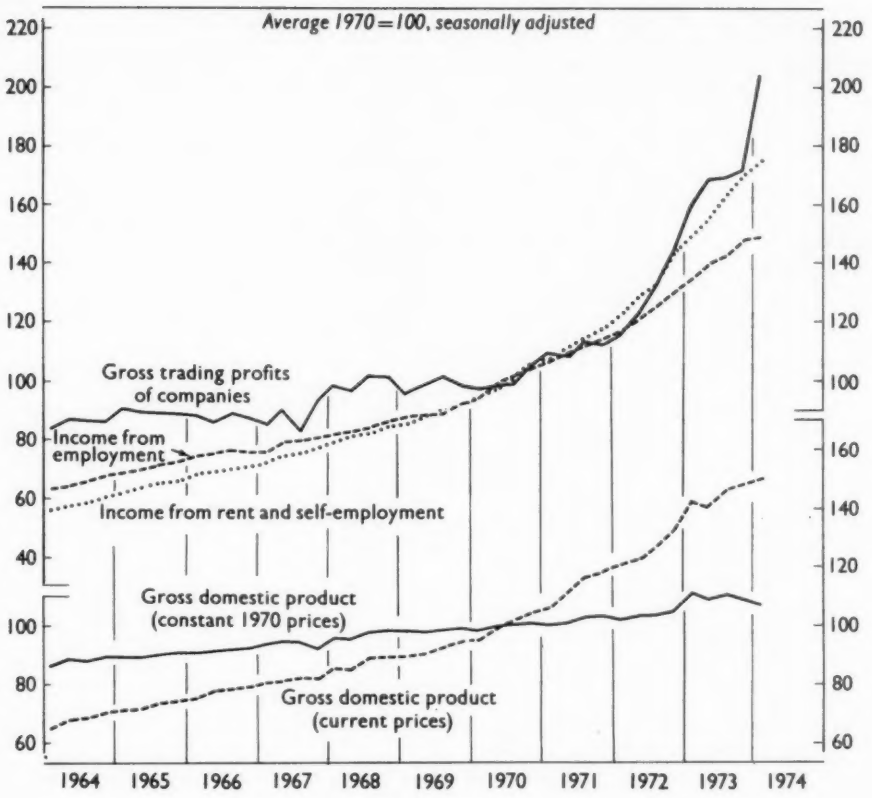
Present and previous cycles of unemployment

Great Britain

The unemployment cycle has usually lagged some months behind the production cycle (see page 19).



Incomes and output



Incomes have generally risen faster than output; as a consequence gross domestic product has grown faster in money value than in real terms.

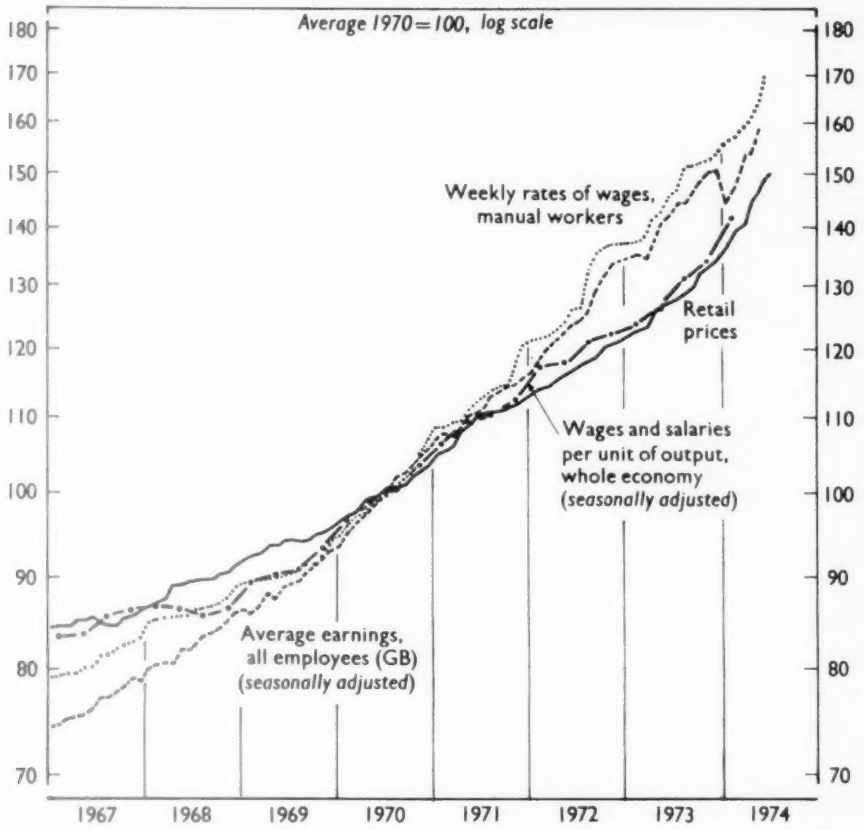
Average 1970 = 100, seasonally adjusted

	Income from employment §	Gross trading profits of companies §	Income from rent and self-employment §	Gross domestic product(1)	
				At current prices	At constant (1970) prices §
Value in 1973 (£ million)	*42,559*	*8,632*	*11,131*	*61,674*	*46,847*
1970 1st quarter	94·5	97·0	94·7	95·1	98·2
2nd quarter	99·4	99·0	98·1	99·1	100·0
3rd quarter	102·2	99·5	102·0	101·0	100·4
4th quarter	104·0	104·5	105·3	104·8	101·4
1971 1st quarter	106·1	109·1	107·8	105·9	100·1
2nd quarter	109·1	108·2	111·4	110·2	101·4
3rd quarter	112·3	113·3	114·7	116·5	103·3
4th quarter	114·4	112·6	117·7	118·3	103·3
1972 1st quarter	116·9	115·8	122·0	120·1	102·2
2nd quarter	121·6	122·7	127·8	123·3	103·4
3rd quarter	124·8	130·4	132·7	126·7	103·3
4th quarter	130·1	143·8	143·5	132·4	105·1
1973 1st quarter	134·3	157·3	148·5	142·1	110·4
2nd quarter	139·1	167·0	154·7	140·5	108·6
3rd quarter	142·7	168·5	163·1	146·2	110·1
4th quarter	147·6	171·2	169·5	147·1	108·4
1974 1st quarter	149·3	204·2	173·9	149·0	106·7
2nd quarter					
3rd quarter					
4th quarter					

(1) Gross domestic product at factor cost, based on expenditure data.

Wage rates, earnings, wages and salaries per unit of output and retail prices

Wage and salary earnings tend to rise together and faster than retail prices. In most periods, earnings rise faster than basic rates of pay but, with increasing productivity, wages and salaries per unit of output rise more slowly.

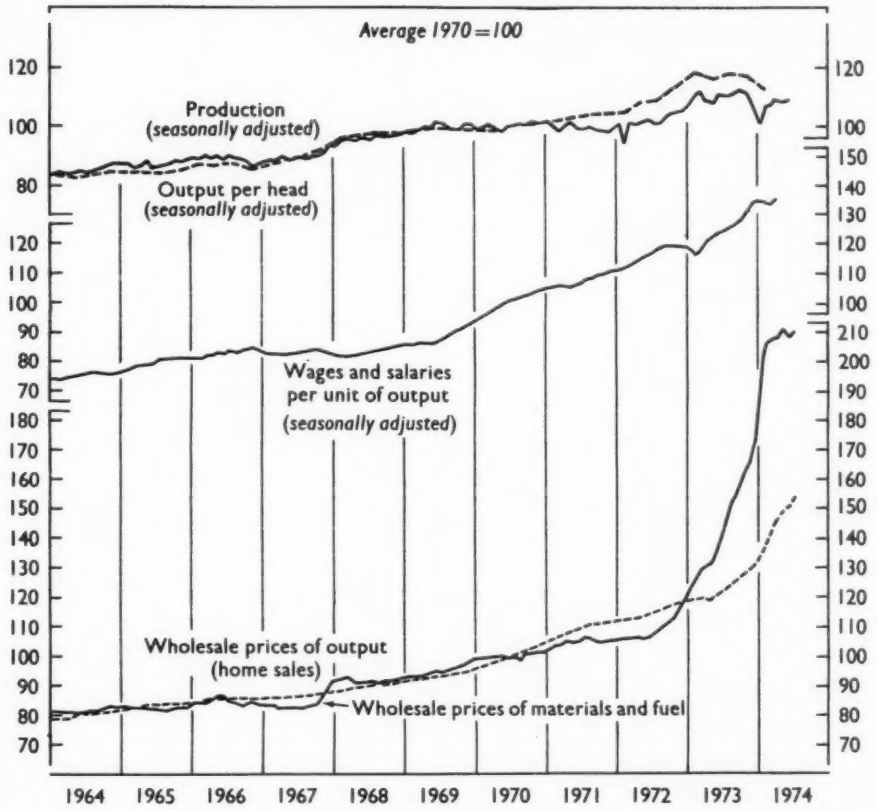


Average 1970 = 100

	Weekly rates of wages, manual workers	Average earnings, all employees (GB) §	Wages and salaries per unit of output, whole economy	General index of retail prices
	Seasonally adjusted			
1970 1st quarter	96·0	95·2	96·9	97·1
2nd quarter	98·3	98·4	99·0	99·5
3rd quarter	100·8	101·5	100·7	100·6
4th quarter	104·8	104·9	103·4	102·7
1971 1st quarter	108·8	107·4	106·5	105·5
2nd quarter	111·1	109·8	109·1	109·3
3rd quarter	113·9	112·9	111·0	110·8
4th quarter	117·7	114·9	112·5	112·2
1972 1st quarter	121·7	118·3(1)	116·7	113·9
2nd quarter	124·4	122·4	117·4	116·1
3rd quarter	131·1	126·6	120·6	117·9
4th quarter	136·8	133·1	122·4	120·8
1973 1st quarter	137·8	134·7	124·3	123·0
2nd quarter	143·8	139·9	126·1	126·9
3rd quarter	149·8	145·1	130·6	128·8
4th quarter	152·9	149·9	133·9	133·2
1974 1st quarter	157·6	148·4	142·4	138·8
2nd quarter	165·0			147·0
3rd quarter				
4th quarter				

(1) As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.

Manufacturing industry: output, costs and prices



There are cyclical variations in the growth of output per head and in wages and salaries per unit of output. Wholesale prices of output are not generally sensitive to these short-term fluctuations but follow rather their long-term trend.

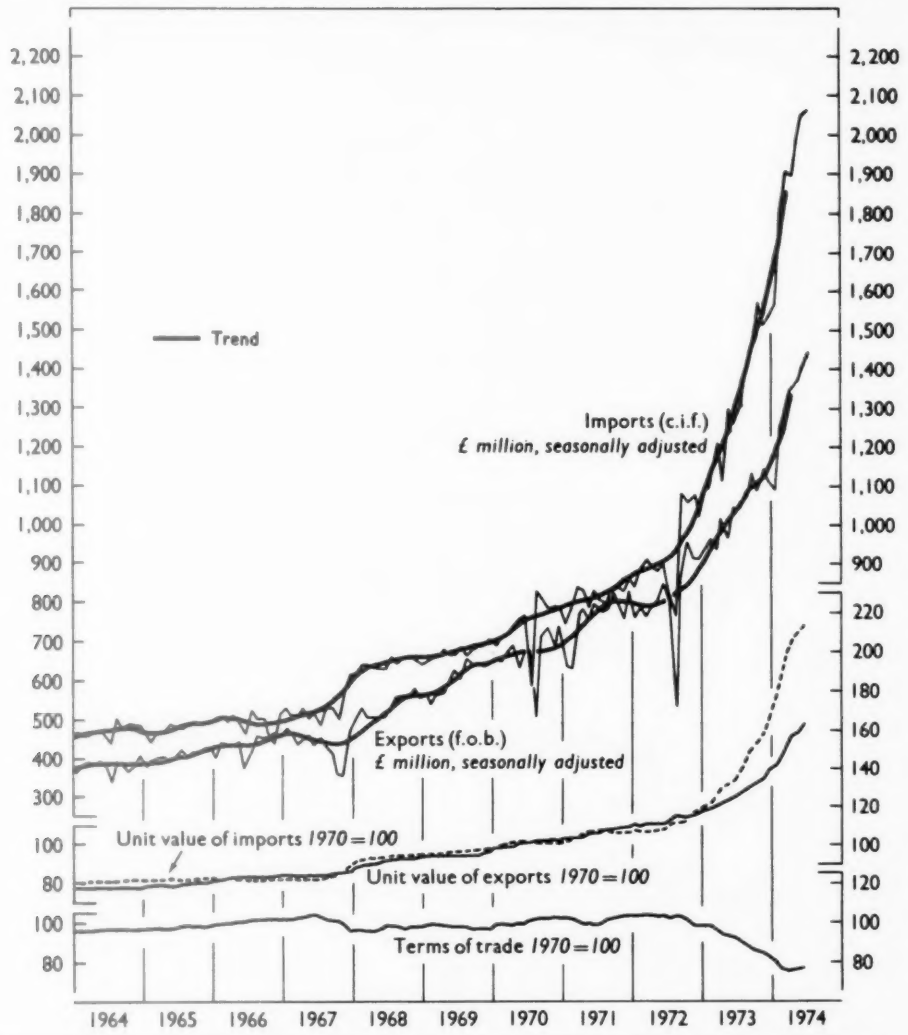
Average 1970 = 100

	Production	Output per head	Wages and salaries per unit of output	Wholesale prices	
	Seasonally adjusted			Materials and fuel(1)	Output Home sales(2)
1970 1st quarter ..	99·6	99·2	95·4	99·2	96·7
2nd quarter ..	99·3	99·0	99·2	99·7	98·9
3rd quarter ..	100·2	100·3	101·6	99·8	100·9
4th quarter ..	100·8	101·4	103·7	101·4	103·4
1971 1st quarter ..	99·8	101·0	105·6	103·0	106·3
2nd quarter ..	100·2	103·1	106·1	104·9	108·7
3rd quarter ..	99·6	103·6	108·2	105·6	110·3
4th quarter ..	99·0	104·4	110·1	104·8	110·8
1972 1st quarter ..	98·5	104·9	112·0(3)	105·6	112·1
2nd quarter ..	101·3	108·3	115·5	106·1	113·5
3rd quarter ..	102·4	109·5	118·5	109·4	115·6
4th quarter ..	105·7	113·2	119·4	115·6	118·0
1973 1st quarter ..	110·7	118·0	117·1	126·0	119·5
2nd quarter ..	109·4	116·3	122·4	133·3	120·1
3rd quarter ..	110·9	117·7	125·5	150·9	124·2
4th quarter ..	110·3	116·7	131·4	167·6	129·1
1974 1st quarter ..	105·3	111·8	134·4	205·1	138·3
2nd quarter ..	109·3			209·8	148·8
3rd quarter ..					
4th quarter ..					

(1) Revised method of calculation include to levies on certain imported foods from 3rd quarter 1971. (2) Reductions in the VAT-exclusive prices of alcoholic liquor, tobacco and cigarettes, matches and mechanical lighters took place in April. These reductions resulted from lower revenue duties designed to offset additional tax revenue from VAT. With unchanged prices in April for these products, index numbers for quarters from 2nd quarter 1973 onwards would have been higher by 1·7. (3) Average of the January and March figures. See footnote (1) on page 29.

Exports and imports : sterling effective exchange rate : terms of trade

The index numbers of unit value give measures of price changes in United Kingdom exports and imports. A rise in the terms of trade (unit value index for exports divided by unit value index for imports) is favourable to the visible balance of payments.

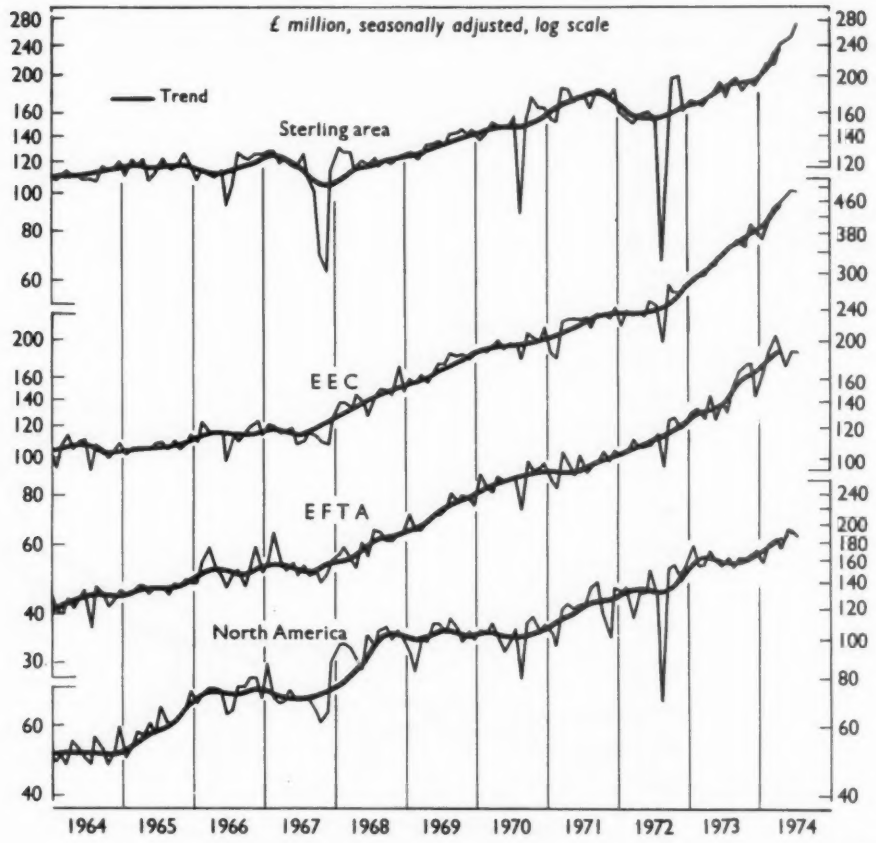


	Exports (f.o.b.) §	Imports (c.i.f.) §	Sterling effective exchange rate	Unit value of exports	Unit value of imports	Terms of trade
	£ million, seasonally adjusted		19 Dec. 1971(1)=100	1970=100		
1973 April ..	1,013	1,112	88·60	122·0	129·5	94·2
May ..	966	1,303	89·10	123·5	131·8	93·7
June ..	1,036	1,264	87·54	124·9	134·1	93·1
July ..	1,042	1,308	84·08	126·5	139·0	91·0
August ..	1,075	1,410	82·58	128·2	144·5	88·7
September ..	1,134	1,445	81·60	130·6	150·3	86·9
October ..	1,089	1,574	80·91	131·6	153·7	85·6
November ..	1,137	1,515	81·64	135·0	158·3	85·3
December ..	1,126	1,533	82·16	139·1	166·1	83·7
1974 January ..	1,093	1,575	82·74	141·2	175·9	80·3
February ..	1,259	1,817	82·45	145·2	188·7	76·9
March ..	1,294	1,908	82·46	151·1	199·5	75·7
April ..	1,347	1,900	83·01	156·7	206·5	75·9
May ..	1,374	1,988	83·02	159·7	210·2	76·0
June ..	1,411	2,051	83·01	164·5	214·0	76·9
July ..	1,447	2,061	83·04			
August ..						
September ..						

Note : The figures on this page are calculated on an *Overseas Trade Statistics* basis. No adjustment has been made for factors affecting the recording of exports. The imports figures exclude US military aircraft.

(1) Date of the Smithsonian Agreement. Monthly figures are trade-weighted averages of end-month rates. A methodological article on the 'effective' exchange rate was published in the June 1974 issue of *Economic Trends*.

Exports: analysis by destination

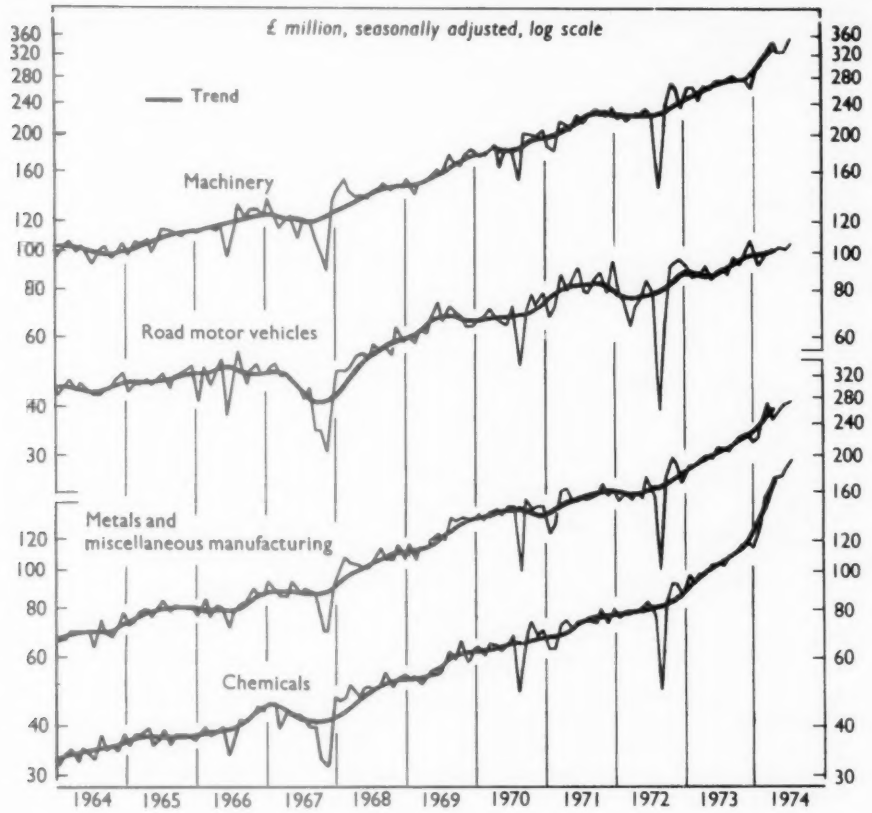


£ million, seasonally adjusted

		Total	Sterling area outside Europe(1)	EEC(2)	EFTA(2)	North America
1972	July	802	152	246	116	129
	August	531	67	199	95	70
	September	866	144	278	127	152
	October	958	198	268	128	155
	November	917	199	267	120	144
	December	913	162	273	122	153
1973	January	941	172	285	131	174
	February	960	169	296	134	154
	March	935	168	296	126	155
	April	1,013	176	313	146	169
	May	966	182	312	125	159
	June	1,036	192	334	139	155
	July	1,042	177	341	131	161
	August	1,075	194	354	152	151
	September	1,134	197	366	169	161
	October	1,089	183	350	172	161
	November	1,137	194	400	174	165
	December	1,126	190	383	146	170
1974	January	1,093	201	367	167	158
	February	1,259	214	407	180	180
	March	1,294	214	444	205	186
	April	1,347	241	459	189	171
	May	1,374	249	474	172	196
	June	1,411	252	490	189	195
	July	1,447	273	489	188	189
	August					
	September					

(1) Excluding Irish Republic which is included in EEC. (2) 1973 basis.

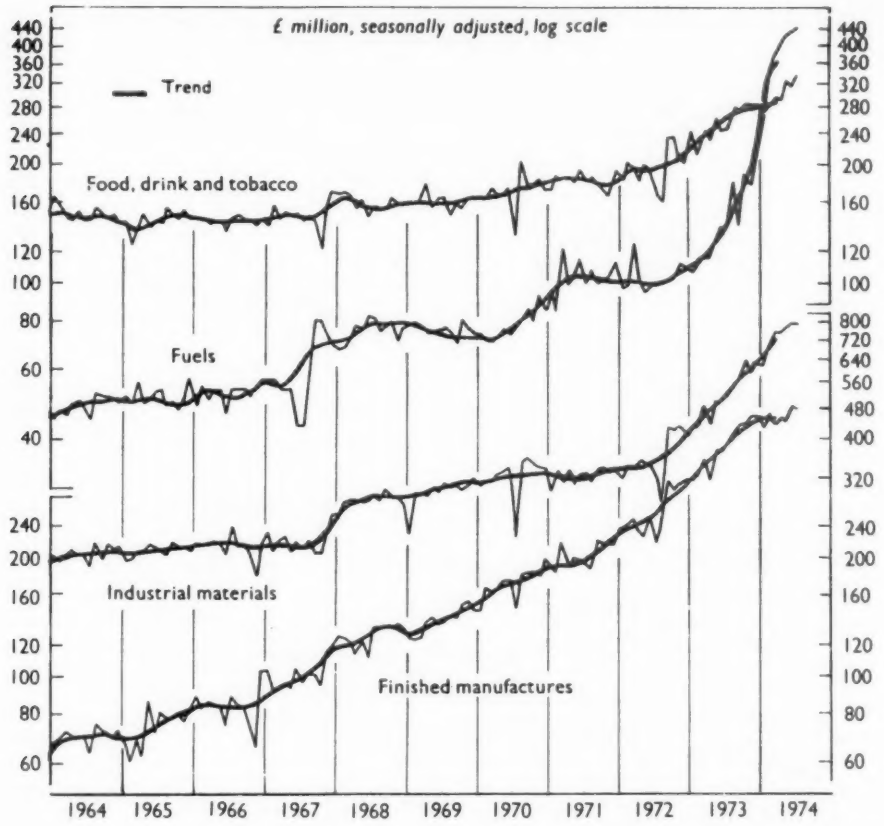
Exports: analysis by commodity classes



£ million, seasonally adjusted

		Total	Machinery	Road motor vehicles	Metals and miscellaneous manufacturing	Chemicals
1972	July	802	227	78	157	79
	August	531	148	38	101	50
	September	866	241	67	175	83
	October	958	269	92	198	93
	November	917	261	94	185	93
	December	913	234	96	169	87
1973	January	941	263	92	188	98
	February	960	263	86	188	94
	March	935	242	87	192	99
	April	1,013	266	92	199	98
	May	966	262	85	195	102
	June	1,036	274	89	209	105
	July	1,042	276	91	208	103
	August	1,075	278	88	204	110
	September	1,134	282	97	211	111
	October	1,089	276	93	221	116
	November	1,137	278	99	227	119
	December	1,126	262	104	218	117
1974	January	1,093	291	93	221	127
	February	1,259	313	97	245	155
	March	1,294	326	100	271	164
	April	1,347	345	100	247	172
	May	1,374	327	103	261	175
	June	1,411	328	102	271	185
	July	1,447	357	105	274	195
	August					
	September					

Imports: analysis by commodity classes

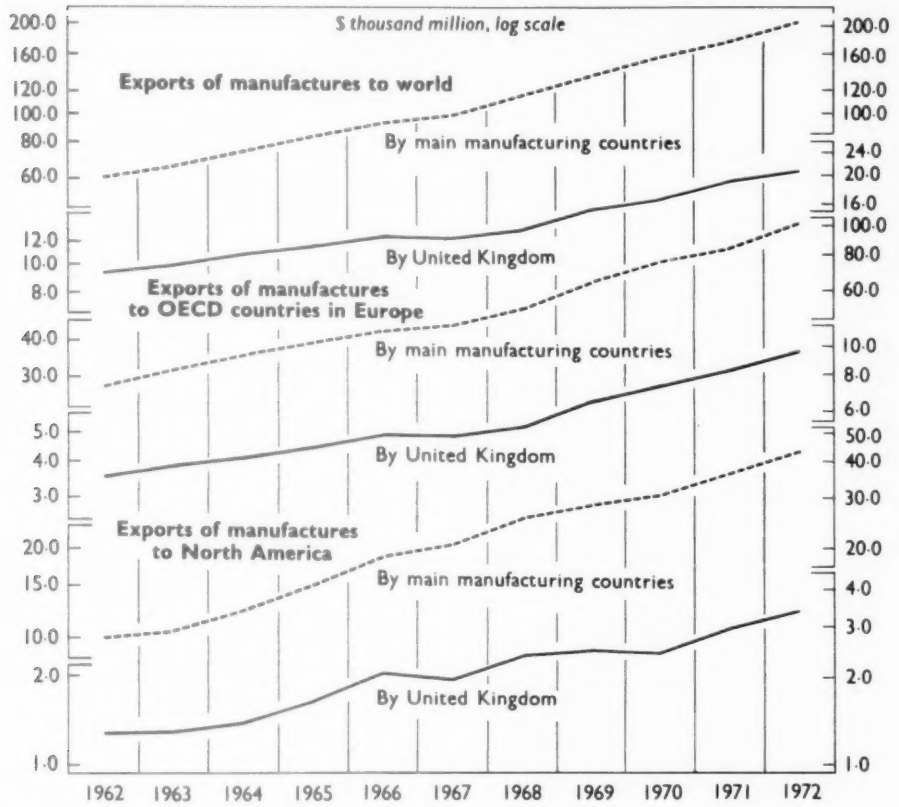


£ million, seasonally adjusted

		Total (1)	Food, drink and tobacco	Fuels	Industrial materials (2)	Finished manufactures (1)
1972	July	816	165	97	315	222
	August	765	161	101	267	239
	September	1,083	234	103	428	311
	October	1,064	235	104	417	298
	November	1,076	208	111	429	309
	December	1,031	202	110	409	317
1973	January	1,085	244	107	423	315
	February	1,094	212	111	431	325
	March	1,211	245	114	488	353
	April	1,112	231	114	436	316
	May	1,303	262	129	499	376
	June	1,264	246	138	495	372
	July	1,308	248	138	515	391
	August	1,410	280	180	543	411
	September	1,445	276	140	571	433
	October	1,574	286	189	637	437
	November	1,515	284	179	588	452
	December	1,533	284	188	620	452
1974	January	1,575	272	263	617	429
	February	1,817	279	346	701	464
	March	1,908	296	387	757	438
	April	1,900	293	396	752	451
	May	1,988	325	424	766	441
	June	2,051	315	437	795	482
	July	2,061	337	441	792	473
	August					
	September					

(1) Excluding US military aircraft, etc. (2) See also page 20.

United Kingdom exports of manufactures in world markets

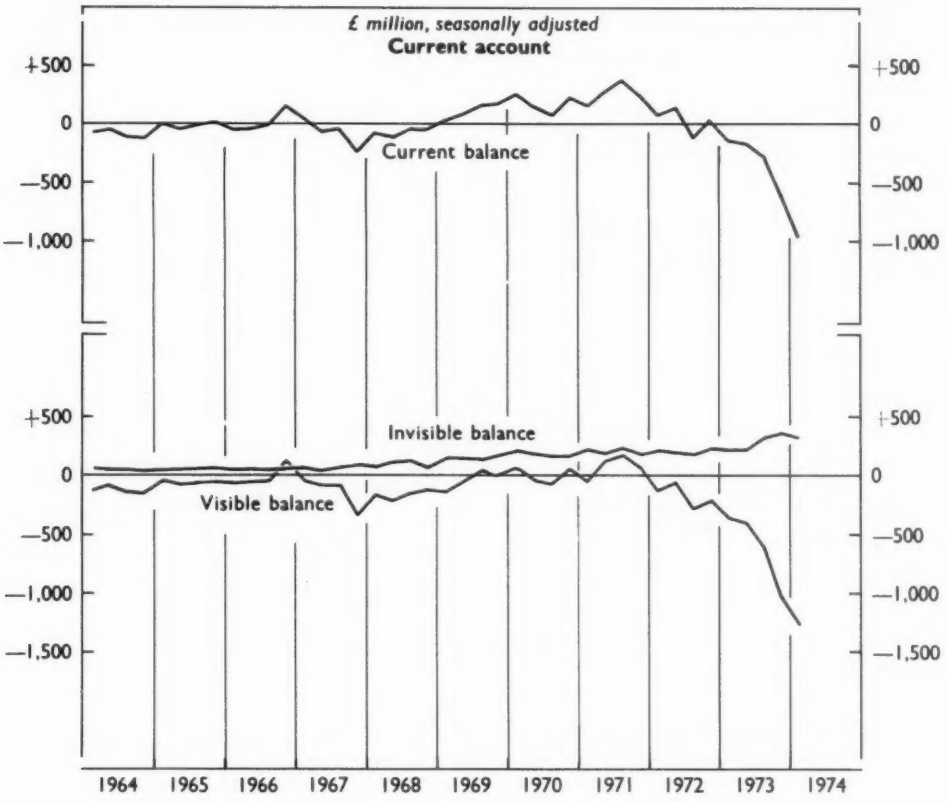


$ thousand million

	To world		To OECD countries in Europe (including Finland and Iceland)		To North America	
	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom
1962..	60·10	9·34	27·95	3·51	10·00	1·27
1963..	65·15	9·99	31·28	3·86	10·52	1·28
1964..	74·35	10·57	35·89	4·17	12·29	1·37
1965..	83·01	11·47	39·61	4·43	15·00	1·63
1966..	92·92	12·29	43·62	4·85	18·61	2·01
1967..	99·45	12·10	45·78	4·89	20·54	1·94
1968..	114·50	12·99	51·74	5·21	25·56	2·31
1969..	134·08	15·01	63·13	6·36	28·87	2·44
1970..	154·32	16·34	75·33	7·26	30·67	2·41
1971..	174·03	19·05	83·62	8·26	36·78	2·92
1972..	205·52	20·66	102·21	9·52	43·23	3·38

(1) United Kingdom, United States of America, German Federal Republic, France, Italy, Belgium/Luxembourg, Netherlands, Sweden, Switzerland, Canada and Japan.

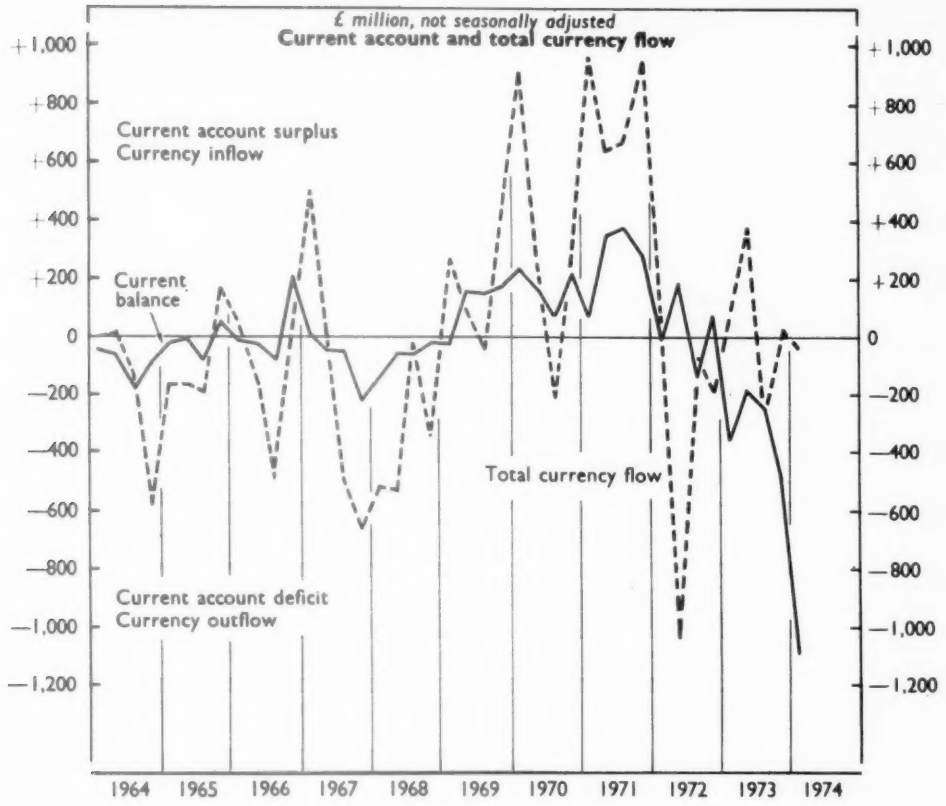
Balance of payments



£ million, seasonally adjusted

	Current account		
	Visible balance	Invisible balance	Current balance
1970 1st quarter	+ 59	+200	+259
2nd quarter	— 46	+186	+140
3rd quarter	— 77	+166	+ 89
4th quarter	+ 55	+165	+220
1971 1st quarter	— 52	+202	+150
2nd quarter	+105	+188	+293
3rd quarter	+172	+210	+382
4th quarter	+ 60	+188	+248
1972 1st quarter	—121	+205	+ 84
2nd quarter	— 64	+198	+134
3rd quarter	—284	+170	—114
4th quarter	—208	+218	+ 10
1973 1st quarter	—351	+205	—146
2nd quarter	—399	+211	—188
3rd quarter	—606	+315	—291
4th quarter	—1,019	+358	—661
1974 1st quarter	—1,288	+309	—979
2nd quarter			
3rd quarter			
4th quarter			

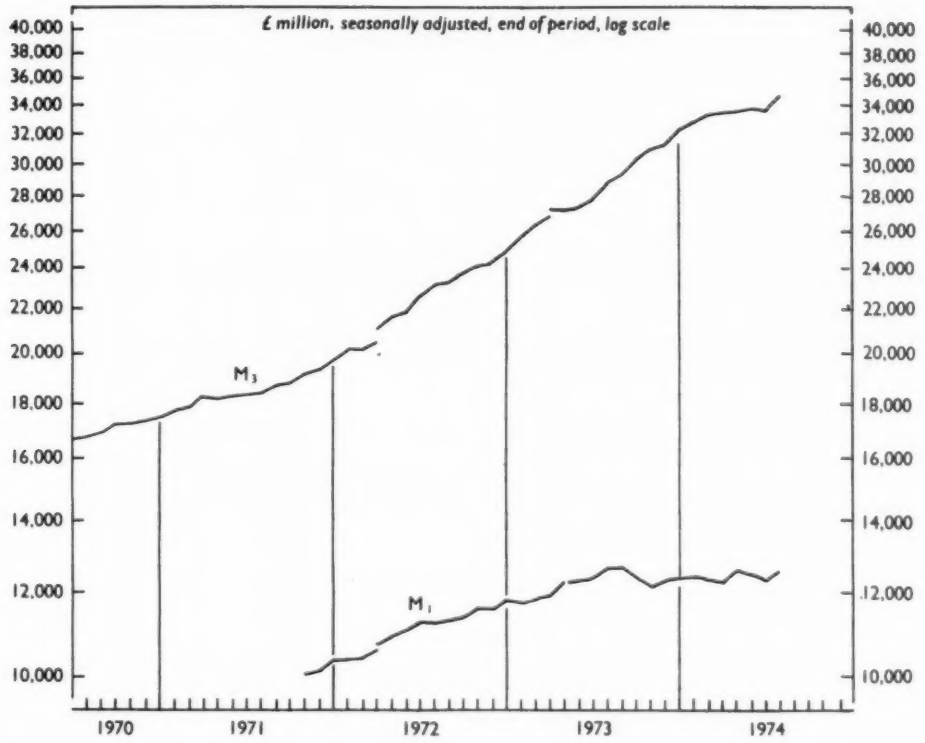
Balance of payments (*continued*)



£ million, not seasonally adjusted

	Current balance	Total currency flow
1970 1st quarter	+237	+ 915
2nd quarter	+166	+ 227
3rd quarter	+ 74	— 202
4th quarter	+231	+ 347
1971 1st quarter	+ 68	+ 973
2nd quarter	+349	+ 634
3rd quarter	+374	+ 668
4th quarter	+282	+ 953
1972 1st quarter	— 12	+ 57
2nd quarter	+192	—1,045
3rd quarter	—144	— 79
4th quarter	+ 78	— 198
1973 1st quarter	—368	+ 69
2nd quarter	—186	+ 377
3rd quarter	—243	— 258
4th quarter	—489	+ 22
1974 1st quarter	—1,089	— 39
2nd quarter		
3rd quarter		
4th quarter		

Monthly stock of money



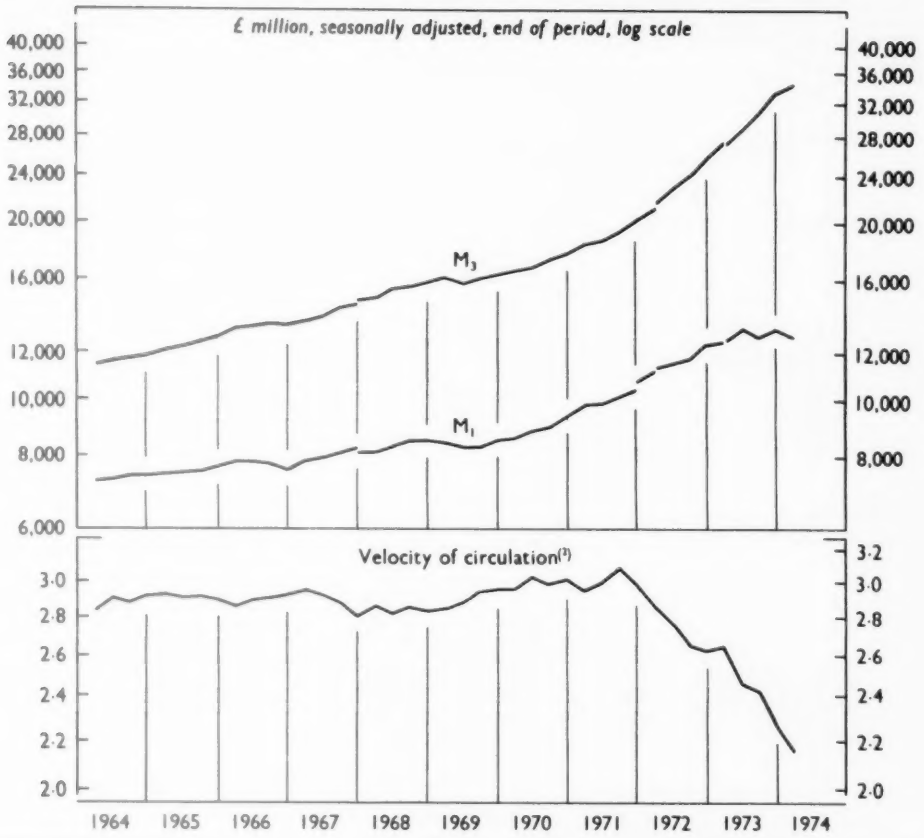
£ million, seasonally adjusted

	M1 (1)(2)		M3 (1)(2)	
	Outstanding	Changes during 'banking months' ending	Outstanding	Changes during 'banking months' ending
1972 October 18	11,600	179	24,030	301
November 15	11,580	— 21	24,260	234
December 13	11,800	230	24,970	720
1973 January 17	11,780	— 20	25,580	622
February 21	11,840	62	26,430	854
March 21	11,930	91	26,840	406
April 18(3)	12,290	362	27,240	406
	12,290		27,170	
May 16	12,310	14	27,330	158
June 20	12,390	73	27,870	527
July 18	12,650	253	28,890	1,017
August 15	12,660	12	29,580	688
September 19	12,410	—244	30,280	707
October 17	12,190	—216	30,990	699
November 21	12,310	116	31,370	386
December 12	12,330	23	32,200	820
1974 January 16	12,410	84	32,860	657
February 20	12,320	— 92	33,450	594
March 20	12,260	— 58	33,480	29
April 17	12,570	310	33,520	37
May 15	12,480	— 87	33,630	106
June 19	12,380	—102	33,530	—100
July 17	12,550	172	34,580	1,050
August 21				
September 18				

(1) An article on money stock was published in the March 1972 issue of *Economic Trends*.
(2) The break in series shown in the chart at March 1972 indicates the inclusion of five finance houses recognised or confirmed as banks in January 1972. For further details see *Financial Statistics, Notes and Definitions*, April 1973.
(3) See supplement to *Notes and Definitions* in *Financial Statistics*.

The stock of money

The breaks in the money stock series at December 1967, March 1972 and March 1973 show the effects of changes in contributors which are described in *Financial Statistics*. The break in the series for M_1 at December 1971 reflects additional statistical information and is explained in notes to Table 12 in the *Bank of England Quarterly Bulletin*, March 1972.

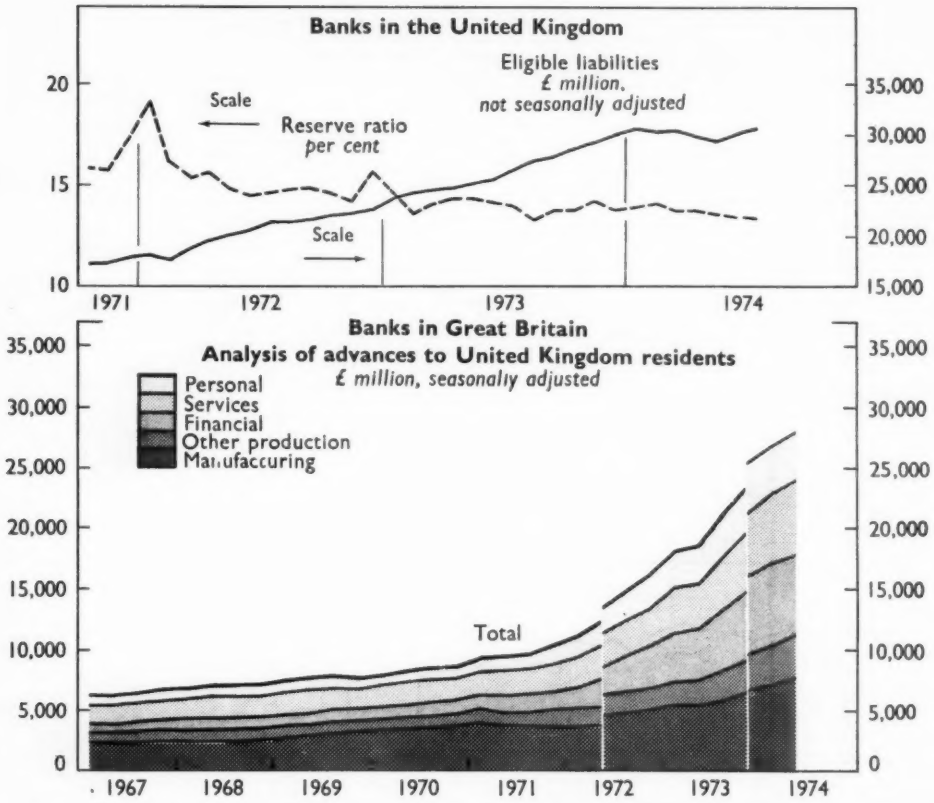


	Money stock (1)		Velocity of circulation (2)
	M_1	M_3 §	
	£ million, seasonally adjusted		
Amounts outstanding at end of period			
1970 March	8,650	16,410	2·963
June	8,960	16,980	3·029
September	9,060	17,390	2·996
December	9,380	17,840	3·012
1971 March	9,800	18,420	2·950
June	9,910	18,730	3·007
September	10,230	19,200	3·073
December	10,820	20,240	2·996
1972 March	11,230	21,210	2·864
June	11,290	21,620	
September	11,740	23,150	2·768
December	11,900	24,170	2·653
1973 March	12,380	25,930	2·625
June	12,430	27,430	2·645
September	12,430	27,410	
December	13,180	28,650	2·464
1974 March	12,850	30,980	2·432
June	13,100	33,190	2·274
September	12,840	34,210	2·164
December			

(1) The estimates include allowance for wastage, hoarding, etc. of coin in circulation which is not incorporated in the changes shown in the chart and table on page 38. See also footnote on page 38.

(2) Ratio of GNP at current market prices seasonally adjusted expressed at an annual rate to the centred quarterly average of M_3 seasonally adjusted

Banking



Eligible liabilities, reserve ratio and special deposits

All banks in the UK have agreed to maintain at least 12½ per cent of their eligible liabilities (broadly, sterling deposits from outside the banking sector of two years or less *plus* any foreign currencies switched into sterling) in certain specified reserve assets (cash at the Bank of England and assets which the Bank would normally be prepared to convert into cash) and to place special deposits expressed as a percentage of eligible liabilities with the Bank when requested.

Analysis of advances to UK residents by banks in GB

The chart shows advances, in sterling and other currencies, by all banks in GB to UK residents, divided into five main categories. Funds placed in specialised financial markets (i.e. deposits with banks, local authorities and finance houses) are not included.

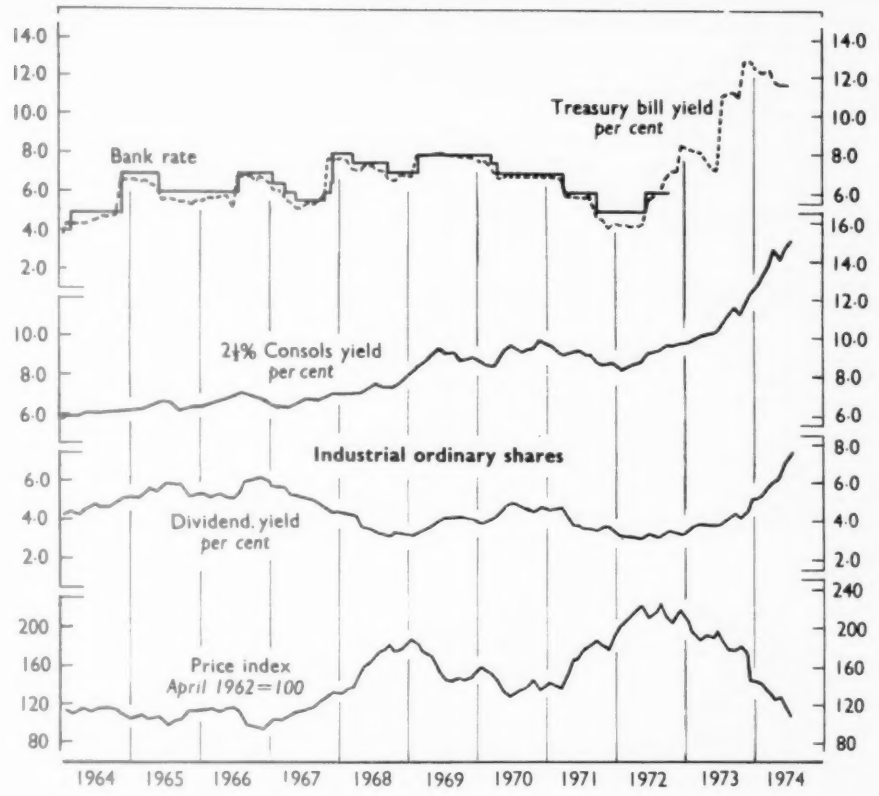
	Quarterly analysis of advances to United Kingdom residents by banks in Great Britain(1)							Banks in the United Kingdom		
	Total	Manufacturing	Other production	Financial	Services	Personal		Eligible liabilities	Reserve ratio	Special deposits(2)
	£ million, seasonally adjusted							£ million, not seasonally adjusted	Per cent	Per cent
Outstanding at mid-month							At mid-month			
1970 Feb. ..	7,947	3,249	1,006	969	1,838	885	1973 Jan. ..	23,822(3)	14·6	3
May ..	8,248	3,483	1,049	976	1,811	929	Feb. ..	24,281	13·6	3
Aug. ..	8,648	3,676	1,087	1,016	1,883	986	March	24,571(4)	14·1	3
Nov. ..	8,801	3,782	1,102	1,055	1,859	1,003	April..	24,956	14·4	3
1971 Feb. ..	9,294	4,004	1,123	1,135	1,990	1,042	May ..	25,156	14·4	3
May ..	9,409	3,814	1,154	1,283	2,055	1,103	June ..	25,727	14·2	3
Aug. ..	9,684	3,801	1,193	1,358	2,120	1,212	July ..	26,819	14·0	3
Nov. ..	10,323	3,785	1,278	1,599	2,263	1,398	Aug. ..	27,445	13·3	4
1972 Feb. ..	11,050	3,830	1,336	1,840	2,403	1,641	Sept...	27,977	13·8	4
May(5)	12,411	3,880	1,485	2,421	2,643	1,982	Oct. ..	28,778	13·8	4
	13,322	4,649	1,593	2,448	2,650	1,982	Nov. ..	29,318	14·3	4
Aug. ..	14,941	4,937	1,718	3,017	2,906	2,362	Dec. ..	30,036	13·8	5
Nov. ..	16,133	5,047	1,888	3,397	3,180	2,622				
1973 Feb. ..	18,057	5,506	2,065	3,915	3,647	2,925	1974 Jan. ..	30,462	13·9	5
May ..	18,527	5,490	2,162	4,258	3,509	3,108	Feb. ..	30,138	14·1	4½
Aug. ..	21,127	5,949	2,375	4,908	4,490	3,405	March	30,145	13·8	4½
Nov.(1)	23,358	6,634	2,548	5,767	4,944	3,466	April..	29,935	13·8	3½
	25,376	6,749	2,927	6,337	5,294	4,070	May ..	29,633	13·6	3
1974 Feb. ..	26,922	7,260	3,219	6,644	5,792	4,007	June ..	30,035	13·5	3
May ..	28,044	7,891	3,403	6,591	6,233	3,926	July ..	30,828	13·4	3
Aug. ..							Aug. ..			
Nov. ..							Sept...			

(1) Advances made by the six finance houses recognised or confirmed as banks in January 1972 and January 1973 are only included from the second set of figures for November 1973. (2) Not yet applicable to banks in Northern Ireland. (3) Including for the first time banks in Northern Ireland; this increased eligible liabilities by £354 million. (4) Including figures for one finance house recognised as a bank in January 1973. (5) Before and after the transfer of £734 million of certain export and shipbuilding credits from 'sterling bills discounted' to 'advances to UK residents' and certain other upward revisions totalling £178 million.

Interest rates, security prices and yields

Bank rate (¹)

Date of change	New rate
1960 January 21	5
June 23	6
October 27	5½
December 8	5
1961 July 25	7
October 5	6½
November 2	6
1962 March 8	5½
March 22	5
April 26	4½
1963 January 3	4
1964 February 27	5
November 23	7
1965 June 3	6
1966 July 14	7
1967 January 26	6½
March 16	6
May 4	5½
October 19	6
November 9	6½
November 18	8
1968 March 21	7½
September 19	7
1969 February 27	8
1970 March 5	7½
April 15	7
1971 April 1	6
September 2	5
1972 June 22 to October 12	6



	Bank of England's minimum lending rate (¹)	Treasury bill yield	2½% Consols yield	Industrial ordinary shares	
	Last Friday			Yield	Price index
	Percentage				April 1962 = 100
1972 July	..	5·85	9·35	3·31	215·09
August	..	5·91	9·46	3·19	224·66
September	..	6·74	9·58	3·41	210·64
October	7½	7·01	9·59	3·50	206·76
November	7½	7·06	9·58	3·43	213·26
December	9	8·48	9·71	3·33	219·31
1973 January	8¾	8·29	9·79	3·50	209·35
February	8½	8·23	9·89	3·82	193·47
March	8½	8·10	10·16	3·93	188·85
April	8½	7·82	10·23	3·85	193·04
May	7¾	7·33	10·34	3·87	191·66
June	7½	7·08	10·38	3·79	196·83
July	11½	11·20	10·84	4·06	185·22
August	11½	11·28	11·37	4·20	179·69
September	11½	11·25	11·60	4·48	177·52
October	11½	10·96	11·31	4·15	182·90
November	13	12·85	11·89	4·40	173·77
December	13	12·82	12·38	5·28	145·37
1974 January	12¾	12·40	12·79	5·29	144·94
February	12½	12·18	13·49	5·41	141·95
March	12½	12·35	13·84	5·85	132·89
April	12	11·82	14·61	6·10	128·27
May	11¾	11·54	14·11	6·32	129·15
June	11¾	11·56	14·73	7·14	118·60
July	11¾	11·51	15·13	7·58	107·52
August	..				
September	..				

(¹) With effect from 13 October 1972, the Bank's minimum lending rate to the market will normally be ½% higher than the average rate of discount for Treasury bills established at the weekly tender, rounded to the nearest ¼% above; the rate normally becomes effective, for lending by the Bank, from the following Monday.

Measures of variability of some major series included in *Economic Trends* (1)

	Page	Period covered	Average percentage changes			$\bar{I}/\bar{C}$	MCD or QCD	$\bar{I}/\bar{C}$ for MCD (or QCD) span
			$\overline{CI}$	$\bar{I}$	$\bar{C}$			
Quarterly series								
National income and components at 1970 prices								
GDP, factor cost								
Expenditure based	2, 28	1st quarter 1963 to 2nd quarter 1973	1·3	0·9	0·8	1·1	2	0·4
Income based	2	" " " " " " "	1·3	0·8	0·9	0·9	1	0·9
Output based	2	" " " " " " "	0·9	0·5	0·8	0·6	1	0·6
Average estimate	2	" " " " " " "	1·0	0·7	0·8	0·8	1	0·8
Consumers' expenditure	3	" " " " " " "	1·2	0·7	0·8	0·9	1	0·9
Fixed capital formation								
Total	4	" " " " " " "	2·4	1·6	1·4	1·2	2	0·5
Manufacturing industry	4, 12	" " " " " " "	3·1	1·9	2·1	0·9	1	0·9
Stockbuilding(2)								
Total	4, 16	" " " " " " "	*74·9*	*68·7*	*36·1*	1·9	2	0·7
Manufacturing	4, 16	" " " " " " "	*57·6*	*45·4*	*27·7*	1·6	2	0·6
Exports: goods and services	8	" " " " " " "	3·6	2·6	1·8	1·4	2	0·6
Imports: goods and services	8	" " " " " " "	2·8	1·9	1·7	1·2	2	0·5
Personal disposable income	3	" " " " " " "	1·5	1·0	0·9	1·1	2	0·4
Other national income series								
Income from employment	28	" " " " " " "	2·1	0·4	2·1	0·2	1	0·2
Gross trading profits of companies	28	" " " " " " "	3·9	2·6	2·5	1·0	2	0·4
Income from rent and self-employment	28	" " " " " " "	2·6	0·5	2·5	0·2	1	0·2
Other quarterly series								
Construction output	23	1st quarter 1969 to 4th quarter 1973	2·0	1·5	1·1	1·3	2	0·7
Money stock (M_3) (3)	39	1st quarter 1963 to 4th quarter 1972	2·6	0·5	2·1	0·2	1	0·2
Monthly series(4)								
Retail sales								
Total: current prices	11	January 1961 to August 1973	1·0	0·8	0·5	1·5	2	0·8
Total: constant prices	11	" " " " "	0·9	0·8	0·2	3·5	4	0·9
Food shops	11	" " " " "	0·6	0·6	0·1	3·9	5	0·9
Clothing and footwear shops	11	" " " " "	2·0	2·0	0·3	5·7	6	
Durable goods shops	11	" " " " "	1·6	1·4	0·7	2·1	3	0·7
Other non-food shops	11	" " " " "	1·0	1·0	0·4	2·7	3	0·9
Cars: new registrations	11	January 1954 to December 1972	7·2	6·5	2·5	2·6	4	0·7
Housing: public authorities(5)								
Starts	15	January 1956 to December 1973	11·9	11·7	1·4	8·2	6	
Completions	15	" " " " "	8·2	8·1	1·0	7·7	6	
Housing: private								
Starts	15	" " " " "	7·8	7·4	2·0	3·7	4	1·0
Completions	15	" " " " "	5·5	5·5	0·9	6·0	6	
Index of industrial production								
All industries	2, 18	January 1968 to December 1972	0·7	0·6	0·2	3·4	4	0·9
Manufacturing industries	2	" " " " "	0·8	0·7	0·3	2·8	3	1·0
Engineering and allied industries	18	" " " " "	1·2	1·2	0·3	4·0	5	0·8
Chemicals and allied industries	18	" " " " "	1·6	1·5	0·4	3·5	4	0·9
Textiles, leather and clothing industries	18	" " " " "	1·5	1·4	0·3	4·7	6	0·9
Crude steel production	21	January 1962 to April 1972	3·9	3·6	1·1	3·2	4	0·9
Passenger car production:								
Home market	22	January 1958 to December 1971	9·0	8·0	2·5	3·2	5	1·0
Export	22	" " " " "	8·3	7·6	2·2	3·4	4	0·9
Commercial vehicle production:								
Home market	22	" " " " "	7·9	7·4	1·6	4·7	6	
Export	22	" " " " "	7·5	7·3	1·6	4·8	5	0·9
Unemployed(4)	2, 26	January 1961 to December 1973	*11·5*	*4·5*	*10·4*	0·4	1	0·4
Vacancies notified to employment offices(4)	3, 26	" " " " "	*5·6*	*2·5*	*5·0*	0·5	1	0·5
Average earnings	3, 29	January 1963 to December 1972	0·8	0·4	0·7	0·6	1	0·6
Exports: value, f.o.b.	31	January 1957 to December 1971	3·7	2·7	0·8	3·4	4	0·8
Imports: value, c.i.f.	31	" " " " "	2·9	1·8	0·8	2·3	3	0·7

(1) For a complete description of these measures see article 'Measuring variability in economic time series' in the August 1972 issue of *Economic Trends*. The following are brief definitions of the measures.

$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.

$\bar{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.

$\bar{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additional model, see footnotes (2), (3) and (4).

$\bar{I}/\bar{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes $\bar{I}$ and $\bar{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\bar{I}/\bar{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.

(2) The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of £ million. At present seasonal adjustment of the published stocks series is done multiplicatively on the level of stocks.

(3) Although the series is seasonally adjusted additively the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are presented as percentages of the level of the trend in the preceding quarter.

(4) Series are included in this section if they are normally published in monthly form. For some of these series only short runs of monthly figures are given in *Economic Trends*, and in some cases they are given only as quarterly averages. Reference should be made in these cases to the *Monthly Digest of Statistics*, which contains most of them, or to the original sources.

(5) Series relate to Great Britain, though variability measures calculated from England and Wales component.

(6) The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of thousands.

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